

***United States Court of Appeals
for the Second Circuit***

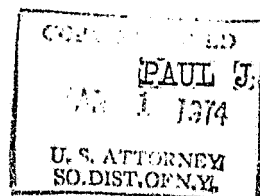


APPENDIX

74-1027

13.
P/s

In The
United States Court of Appeals
For The Second Circuit



CURRAN

UNITED STATES OF AMERICA,

Appellee,

vs.

MILTON PARNES and BARBARA PARNES,

Appellants.

*On Appeal from Judgment of the United States District
Court for the Southern District of New York*

APPENDIX

Volume I, pp. 1a - 250a

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Attorney for Appellants

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United States Attorney for the

Southern District of New York

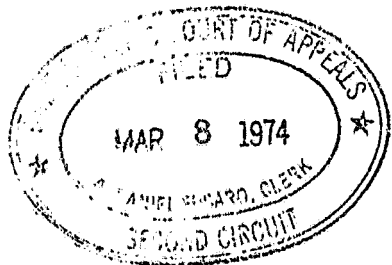
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PAGINATION AS IN ORIGINAL COPY

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CRIMINAL DOCKET
UNITED STATES DISTRICT COURT

DOCKET ENTRIES - 73 CRIM. 157

1a

U. S. Form No. 100 Rev.

JUDGE DONALD

73 CRIM. 157

TITLE OF CASE

ATTORNEYS

THE UNITED STATES

For U. S.: 264-6570

vs.

Harold F. McGuire, Jr., AUSA

1) MILTON PARNESS

2) BARBARA PARNESS

For Defendant: M. Parness
Roy M. Cohn, Esq. 39 E. 68th St.
New York City 10021

(05) STATISTICAL RECORD

COSTS

DATE

NAME OR
RECEIPT NO.

REC.

DISB.

J.S. 2 mailed

Clerk

J.S. 3 mailed

Marshal

Violation

Docket fee

Title 18:1961, 1962(b)

acquiring a business by
Sec. racketeering activity (ct. 1)
18:2314 transporting money,
securities and fraud victim in
interstate and foreign commerce
(cts. 2 thru F)

--FIVE COUNTS--

PROCEEDINGS

DATE
2-13-73

Filed indictment - B/W ordered for deft. M. Parness - Stewart, J.
M. Parness - B/W issued.

2-20-73

M. Parness - Deft. (Atty. present) pleads not guilty. Bail in the sum of \$150,000. cash or surety fixed by the Magistrate in the District of New Jersey continued. Deft. is to surrender passport in U.S. Atty's office. Defts travels are restricted to the Southern District of N.Y. and District of New Jersey.

B. Parness - Bail fixed in the amount of \$10,000. unsecured P.R.B. - Bail limits Southern District of New York and District of New Jersey. Deft. (Atty. present) pleads not guilty. Ordered photographed and fingerprinted. Motions ret. by 3-5-73 -- Case assigned to Judge Ponsal. -- Palmieri, J.

2-20-73

M. Parness - Filed papers rec'd from Dist of New Jersey Magistrate's office. appearance bond in the sum of \$150,000

2-20-73

B. Parness - Filed copy of P.R.B. in the sum of \$10,000.

DATE	PROCEEDINGS
3-9-73	Parness-Filed deft's affidavit in support of enlargement of Bail limits
3-9-73	M. Parness-Filed deft's affidavit in support of enlargements of Bail limits
3-9-73	M. Parness-Filed affidavit in support of enlargements of bail limits.
3-9-73	Barbara Parness-Filed affidavit and order enlarging bail limits to include the Miami-Fort Lauderdale, Fla area for the period 3-9-73, to So Ordered Bonsal, J.
3-9-73	MILTON PARNESS-Filed affidavit and order enlarging bail limits to include Philadelphia, PA and the Eastern Dist. So Ordered Bonsal, J.
3-9-73	Milton Parness-Filed affidavit and order enlarging bail limits to include the Miami-Fort Lauderdale Fla, area for a period of 3-9-73 to So Ordered Bonsal, J.
3-19-73	Milton Parness) Filed affidavit and notice of motion for orders dismissing Barbara Parness) the indictment, ct, 1, Cts. 2 & 4 of the indictment, etc.
3-21-73	M. Parness & B. Parness-Filed memorandum in support of deft's pre-trial
3-26-73	M. Parness & B. Parness-Filed stip and order that the Govt will supply the defts counsel with the information as for its bill of particulars and further stipulated that the Govt will furnish deft B. Parness her testimony by the Grand Jury with other material listed in stip. So Ordered Bonsal, J.
3-29-73	Both Defts-Filed supplemental memorandum in support of defts motion to certain material from the indictment as surplusage.
5-8-73	Both defts.-Filed bill of particulars.
5-11-73	MxxxxxxKxxxxxx
5-11-73	M. Parness-Filed affidavits and order that the deft Milton P. is restricted pending final disposition of charges against him from directly or selling, assigning, pledging, distributing, or otherwise disposing of part of his beneficial interest, in the entities known as Aliter Hold N.V. and St. Maarten Isle Hotel Corporation without approval of the Court on notice of the U.S. Atty. (see order) Bonsal, J.
5-17-73	Filed MEMORANDUM in re defendants pre-trial motions: "Defendant Milton Parness' motion to dismiss Count One of the indictment is denied. Defendants' motion to dismiss Counts Two and Four is denied. Defendant Milton Parness motion to strike as surplusage all references to gambling in the indictment is denied. The Govt. is conceded, as it must, that it will comply with the requirements of Brady v. Parness. Accordingly, defendants' motion to direct the Govt. to produce exculpatory material in its possession is granted. It is so ordered. -- Bonsal, J." (r/n)
Jul 20-73	Filed Affidvt of Barbara Parness in support of application to travel without the southern district of New York.
Jul 25-73	Filed MEMO-END. on application dtd 7-20-73. Application granted. The Govt consents. BONSAI, J. m/n
10-26-73	Filed Transcript of record of proceedings, dtd: SEPT 20, 24, 25, 1973
10-26-73	Filed Transcript of record of proceedings, dtd: SEPT 26, 1973; OCT. 12, 3,

Docket Entries - 73 CRIM. 157

73 Crim 157

PAGE 3

3a
73 Crim 15

Bonsal, J.

17. C. 119 Rev. Civil Docket Continuation

[illegible]

JUDGE BONSALE

73 CRIM. 750

TITLE OF CASE

ATTORNEYS

For U. S.: 264-6570

vs.

Harold F. McGuire

MILTON PARNESS (all Cts)
BARBARA PARNESS (Cts. 1, 2, 4, 5, 6 & 7)

For Defendant:

SEVEN COUNTS

DATE	PROCEEDINGS
	Engaging in a unlawful Business Activity by means means of ex Gambling and Racketeering in interstate and foreign Commerce. (COUNTS 1,2 and 3)
8-2-73	Transportating money and securities by means, To devise a Schem to defraud, obtaining money and property by false pretenses, and fraud victim in interstate and foreign commerce. (COUNTS 4 thru Filed Indictment. (This matter is related to 73 Cr 157))
9-11-73	Defts plead not guilty(atty present). Bail cont'd from 73 Cr 157 Jury trial begun. before Bonsal, J
9-12-73	Trial cont'd.
9-13-73	Trial cont'd.
9-17-73	Trial cont'd.

PROCEEDINGS

- Trial cont'd.
- Trial cont'd.
- Trial cont'd.
- Trial cont'd. Cts. 2, 3 & 7 dismissed on def't motions. Trial cont'd as to cts 1, 4, 5 & 6. Bonsal, J.
- Trial cont'd.
- Trial cont'd. Def't rest. motions renewed and denied. Gov't. motion to reopen case on cts. 2 & 3 granted. Bonsal, J.
- Trial cont'd. Both sides rest. Cts. 2 & 3 dismissed on motion. Bonsal, J.
- Trial cont'd, cts. 1, 4, 5 & 6.
- Trial cont'd, and concluded. Def'ts GUILTY.
Milton Parness GUILTY cts 1, 4, 5, 6
Barbra Parness GUILTY cts 4, 5, 6. Pre-sentence reports ordered.
11-15-73 Set for sentence. Bail cont'd. Bonsal, J.
- Filed Transcript of record of proceedings, dated: SEPT. 12, 13, 17, 18, 1973.
- Filed Transcript of record of proceedings, dated: SEPT. 20, 24, 25, 1973.
- Filed Transcript of record of proceedings, dated: SEPT. 22, 1973.
- Filed Transcript of record of proceedings, dated: SEPT. 26, 1973; OCT. 1, 2, 8, 18, 1973.
- M. PARNESS - filed Mag.'s orig. papers from Dist. of N.H. consisting of docket sheet, correspondence & affdvt.
- Filed ORDER that the Court's Finding and Order of 9-5-73, and the supporting papers connected therewith (incl. a notice requesting that the def't M. Parness be treated as a dangerous special offender be unsealed by the Clerk, etc. Eh. J. Edelstein mn
- Filed def't's affidavit & notice of motion for a new trial, bill of, particulars & granting judgment of acquittal ret. 11-21-73.
- Filed Notice that a hearing will be held on 12-7-73 for the purpose of receiving evidence as to whether def't M. Parness should be sentenced as a dangerous special offender, etc. by Gov't.
- 9-12-73, (also in 73 a. 157)
- 9-21-73, (also in 73 a. 157)
- M. PARNESS - filed Personal Recognizance Bond Pending Appeal in the sum of \$150,000.

-cont'd on next page- Page 3

D. C. 110 Rev. Civil Docket Continuation

DATE	PROCEEDINGS
12-7-73	BARBARA PARNESS-(atty present) Filed JUDGMENT- It is adjudged that the deft is sentenced to a term of TWO (2) YEARS on each of counts 4, 5 and 6, to run concurrently with each other. Execution of prison sentence is suspended. Deft is placed on probation for a period of THREE (3) YEARS, subject to the standing probation order of this Court and Deft is FINED \$2,000.00 on each of counts 4, 5, and 6. TOTAL FINE of \$6,000.00 is to be paid. Deft is not to be committed for non-payment of fine. Bonsal, J. mn
12-7-73	MILTON PARNESS-(atty present) Filed JUDGMENT- It is adjudged that the deft is hereby committed to the custody of the Atty General or his authorized representative for imprisonment for a period of TEN (10) YEARS on each of counts 1, 4, 5 and 6 to run concurrently with each other, and deft is FINED \$25,000.00 on count 1; \$10,000.00 on each of counts 4, 5 & 6. TOTAL FINE of \$55,000.00 is to be paid. Committed fines. Deft. is cont'd on present bail until 4PM on 12-10-73 at which time he is to have rewritten the bond of \$150,000. for appeal. Bonsal, J. mn 12-11-83 Issued commitments.
12-10-73	BARBARA PARNESS- filed unsecured personal recognizance bond pending appeal in the sum of \$10,000.
12-10-73	MILTON & BARBARA PARNESS- filed notice of appeal from judgments ent. 12-7-73. Mailed copies to U.S. Atty, M. Parness & B. Parness & Roy Cohn.
12-27-73	Filed deft's affidavits & notice of motion granting them a new trial ret. 1-14-74.
1-4-74	Filed Letter to Judge Bonsal from Henry E. Petersen dated 9-18-73
1-4-74	Filed Govt's Trial Memorandum
1-4-74	Filed Notice of Motion for bill of particulars etc. by the defts.
1-4-74	Filed Govt's Bill of Particulars
1-4-74	Filed Govt's Memo in connection with the sentencing of Milton Parness
1-4-74	Filed Govt's memo in opposition to Post-Trial Motions
1-4-74	Filed Memorandum of Law by the Govt.
1-4-74	Filed Govt's requests to Charge
1-4-74	Filed Transcript of proceedings dated Dec. 7, 73
1-4-74	Filed " " " " Oct 18, 1973
1-7-74	Filed Designation of Exhibits to be transmitted to USCA
1-7-74	Filed notice that the record on appeal has been certified and transmitted to the U.S.C.A. 1-7-74.
1-11-74	Filed Govt's affdvt in opposition to post-trial motion.
1-16-74	Filed deft's notice of appeal to the U.S.C.A. from order dtd 1-14-74 denying defts' motions for a new trial. Mailed copies to U.S. Atty, Milton & Barbara Parness.
1-15-74	Filed MEMO-END. on motion dtd 12-27-73. Motion denied after argument Bonsal, J. mn

Docket Entries - 73 CRIM. 750

7a

PROCEEDINGS

Date Order or
Judgment Noted

4. Filed stipulation designating the record in 73 cr. 157 be made part of the record to be transmitted to the U.S.C.A in this matter.
- 74 Filed notice that the supplemental record on appeal has been certified and transmitted to the U.S.C.A. ~~XXXXXXXXXXXXXXXXXXXX~~ on 1-23-74.

INDICTMENT (Filed February 13, 1973)
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

8a

UNITED STATES OF AMERICA :

- v - :

MILTON PARNESS and
BARBARA PARNESS, :

Defendants. :

S
INDICTMENTCOUNT ONE

The Grand Jury charges:

1. At all times material to this indictment and specifically during the years 1970 and 1971:

(a) St. Maarten Isle Hotel Corporation, I. V. ("Hotel Corp.") was a corporation established pursuant to the laws of the Netherlands Antilles, was engaged in the business of operating a resort hotel and gambling casino, and constituted an "enterprise" as defined by Title 18, United States Code, Section 1961(4), which enterprise was engaged in, and the activities of which affected, interstate and foreign commerce.

(b) From November, 1967 until on or about April 3, 1971, Allen Goberman was the record owner of 226,250 shares, representing 90.5 percent, of the outstanding stock of Hotel Corp.

(c) Olympic Sports Club, Inc. ("Olympic") was a New Jersey corporation, formed in August, 1969 under the name of National Vagabond, Inc. and activated in April, 1970 to organize gambling junkets to the St. Maarten Isle Casino.

(d) Defendant MILTON PARNESS was an owner of Olympic and was principally engaged in organizing gambling junkets to the St. Maarten Isle Casino.

(e) Defendant BARBARA PARNESS (known as Barbara Landow during the years 1970 and 1971) was an officer of Olympic and assisted MILTON PARNESS in servicing gambling junkets to the St. Maarten Isle Casino.

2. From on or about January 1, 1971 up to and including the date of the filing of this indictment in the Southern District of New York and elsewhere, defendant MILTON PARNESS directly and indirectly acquired and maintained an interest in and control of Hotel Corp. through a pattern of racketeering activity, including fraud, extortion and the transportation of stolen money and securities in interstate commerce in violation of federal law, as defined in Title 18, United States Code, Sections 1961(1)(B) and 1961(5), and as hereinafter described.

3. The pattern of racketeering activity engaged in and conducted by the defendant MILTON PARNESS included the following:

(a) Beginning on or about April 1, 1970, defendant MILTON PARNESS organized and supervised the transportation of groups of prospective gamblers on gambling junkets from various cities in the United States, principally New York City, to the St. Maarten Isle Casino. As part of this activity defendant MILTON PARNESS collected and caused to be collected moneys belonging to Hotel Corp. These moneys included payments of IOU's, commonly known as "markers," representing losses that gamblers had incurred while playing on credit at the casino.

(b) Beginning on or about September 1, 1970, defendant MILTON PARNESS, operating through Olympic and various other junket organizers, supervised the arrangements for all junkets going to the St. Maarten Isle Casino. The junket organizers from time to time collected moneys due to Hotel Corp., including "markers" from gamblers in the United States, and remitted these moneys to defendant MILTON PARNESS or his representatives. Said moneys belonging to Hotel Corp. were, at least in part, deposited into Olympic's bank account at the National Newark & Essex Bank in West Orange, New Jersey.

(c) On or about October 6, 1970, Allan Goberman, who then owned a 90.5 percent stock interest in Hotel Corp., borrowed \$150,000, secured by a pledge of that interest, in order to obtain working capital for Hotel Corp. By January 25, 1971, the loan was past due and the pledge of stock was subject to forfeiture to the creditor.

(d) From on or about December 1, 1970 until on or about April 5, 1971, defendant MILTON FARNESS devised and executed a scheme to defraud Allan Goberman of money and property having a value of \$5,000 or more, to wit, Goberman's 90.5 percent stock interest in Hotel Corp., by means of false pretenses, representations and promises.

(e) As part of the above scheme to defraud, from on or about December 1, 1970, until on or about April 5, 1971, defendant MILTON FARNESS collected and caused the collection of hundreds of thousands of dollars belonging to Hotel Corp., including but not limited to marker collections, and deposited some of these collections in Olympic's bank account at the National Newark & Essex Bank, West Orange, New Jersey.

(f) As a further part of the above scheme to defraud, defendant MILTON FARNESS withheld knowledge of said collections from Allan Goberman.

(g) As a further part of the above scheme to defraud, between February 1, 1971 and February 9, 1971, defendant MILTON FARNESS, using Stanley Amsterdam and defendant BARBARA FARNESS as his undisclosed agents, loaned Allan Goberman \$160,000 from funds which in reality belonged to Hotel Corp. itself. The purpose of said loan was to allow Allan Goberman to repay his \$150,000 debt, plus accrued interest and creditor's legal expenses. Defendant MILTON FARNESS caused the loan to be made to Goberman in the form of cashier's checks as described below, and did not inform Goberman of the source of the funds. As a condition of said loan, Goberman was required to transfer the pledge of his 90.5 percent stock interest in Hotel Corp. to defendant BARBARA FARNESS and Stanley Amsterdam.

Indictment

11a

(h) On or about February 4, 1971, in violation of Title 18, United States Code, Section 2314, MILTON PARNESS having devised the above scheme to defraud, knowingly caused and induced Allan Geberman to travel in interstate commerce from New York, New York to West Orange, New Jersey and back in execution of said scheme.

(i) On or about February 4, 1971, in violation of Title 18, United States Code, Section 2314, defendant MILTON PARNESS unlawfully, wilfully and knowingly transported and caused to be transported in interstate commerce from West Orange, New Jersey to New York, New York money and securities of a value of \$5,000 or more, to wit, two cashier's checks dated February 4, 1971 in the amounts of \$150,000 and \$5,000 respectively, drawn on the National Newark & Essex Bank, the funds for the purchase of which cashier's checks included funds that had been stolen, converted and taken by fraud from Hotel Corp., as the defendant MILTON PARNESS then and there well knew.

(j) On or about February 9, 1971, in violation of Title 18, United States Code, Section 2314, defendant MILTON PARNESS unlawfully, wilfully and knowingly transported and caused to be transported in interstate commerce from West Orange, New Jersey, to New York, New York money and securities of a value of \$5,000 or more, to wit, a cashier's check dated February 9 1971, in the amount of \$5,000, drawn on the National Newark & Essex Bank, the funds for the purchase of said cashier's check having been stolen, converted and taken by fraud from Hotel Corp., as the defendant MILTON PARNESS then and there well knew.

(k) During the month of December, 1971, as a further part of the above scheme to defraud, defendant MILTON PARNESS caused entries to be made in the books and records of Olympic, describing two checks drawn on Olympic's account at the National Newark & Essex Bank in the amount of \$56,000 (dated February 4, 1971) and \$5,000 (dated February 9, 1971),

of \$3,000,000 for stock in an entity named Global Electronics, Inc. owned by the Development Co., Ltd., Nassau, Bahamas, which stock was in fact worthless.

4. Through the aforesaid pattern of racketeering activity, the defendant MILTON PARNESS did directly and indirectly acquire and maintain a 90.5 percent equity interest in Hotel Corp. and \$3,000,000 face amount of Hotel Corp. notes in violation of Title 18, United States Code, Section 1962(b), which interests are subject to forfeiture, subject to the rights and claims of bona fide subsequent investors, if any.

(Title 18, United States Code, Sections 1961, 1962(b), 1963 and 2.)

COUNT TWO

1. Paragraphs 1, 2 and 3 of Count One of this indictment are realleged as if set forth in full in this Count.

2. At all times relevant to this indictment Aliter Holdings, N.V. ("Aliter") was a corporation established pursuant to the laws of the Netherlands Antilles and constituted an "enterprise" as defined by Title 18, United States Code, Section 1961(4), which enterprise was engaged in, and the activities of which affected, interstate and foreign commerce.

3. From on or about December 1, 1970, up to and including the date of the filing of this indictment, in the Southern District of New York and elsewhere, defendant MILTON PARNESS directly and indirectly acquired and maintained an interest in and control of Aliter through the pattern of racketeering activity described in Count One of this indictment.

4. The means by which defendant MILTON PARNESS committed the offense alleged in paragraph 3 of this Count were as follows:

(a) In or about June, 1971, defendant MILTON PARNESS obtained all the stock of Aliter, in the name of his nominee Edward Levrey, from two attorneys in St. Maarten,

Netherlands Antilles. From May, 1971 through December, 1971, defendant MILTON PARNESS exercised complete control over Aliter, although Edward Levrey was held out as being the nominal owner of 50 percent of Aliter's stock.

(b) Between December 1, 1970 and April 5, 1971, defendant MILTON PARNESS, acting through his nominees (defendant BARBARA PARNESS and Stanley Amsterdam) obtained beneficial ownership of 226,250 shares (90.5 percent) of the stock of Hotel Corp. in the manner and by the means set forth in paragraph 3 of Count One of this indictment, which is incorporated herein by reference as if fully set forth.

(c) During June, 1971, defendant MILTON PARNESS caused defendant BARBARA PARNESS and Stanley Amsterdam to acknowledge in writing that they were nominees for Aliter and to substitute Aliter for themselves as the beneficial owner of said 226,250 shares of Hotel Corp. stock.

(d) On or about July 2, 1971, Aliter became record owner of 226,250 shares (90.5 percent) of the stock of Hotel Corp.

5. Through the pattern of racketeering activity described in this Count, defendant MILTON PARNESS acquired a 100 percent stock interest in Aliter, which interest is subject to forfeiture, subject to the rights and claims of bona fide subsequent investors, if any.

(Title 18, United States Code, Sections 1961, 1962(b), 1963 and 2.)

COUNT THREE

The Grand Jury further charges:

1. Paragraphs 1, 2 and 3 of Count One of this indictment are realleged as if set forth in full in this Count.

2. At all times relevant to this indictment Terrasol Holdings, N.V. ("Terrasol") was a corporation established pursuant to the laws of the Netherlands Antilles and constituted an "enterprise" as defined by Title 18, United States Code, Section 1961(4), which enterprise was engaged in, and the activities of which affected, interstate and foreign commerce.

3. From on or about December 1, 1970, up to and including the date of filing of this indictment, in the Southern District of New York and elsewhere, defendant MILTON PARNESS directly and indirectly acquired and maintained an interest in and control of Terrasol through the pattern of racketeering activity described in Count One of this indictment.

4. The means by which defendant MILTON PARNESS committed the offense alleged in paragraph 3 of this Count were as follows:

(a) In or about May, 1971, defendant MILTON PARNESS obtained all the stock of Terrasol, in the name of his nominee Edward Levrey, from two attorneys in St. Maarten, Netherlands Antilles. From May, 1971 through the date of this indictment defendant MILTON PARNESS exercised complete control over Terrasol, although Edward Levrey and others were held out from time to time as being the nominal owners of Terrasol's stock.

(b) On or about August 20, 1971, defendant MILTON PARNESS caused Terrasol to acquire, in return for the issuance of its own stock to his nominees, 226,500 shares (90.5 percent) of the stock of Hotel Corp. from Aliter and \$2,500.00 face value of Hotel Corp. notes from the Development Co., Ltd., which shares of stock and notes had been obtained by fraud and extortion from Allan Goherman as set forth in Paragraph 3 of Count One of this indictment.

5. Through the pattern of racketeering activity described in this Count, defendant MILTON PARNESS acquired a 100 percent stock interest in Terrasol, which interest is subject to forfeiture, subject to the rights and claims of bona fide subsequent investors, if any.

(Title 18, United States Code, Sections 1961, 1962(b), 1963 and 2.)

COUNTS FOUR THROUGH SEVEN

The Grand Jury further charges:

In each of Counts Four through Seven set forth below, paragraph 1 of Count One of this indictment is re-alleged as if set forth fully in each such Count.

Indictment
COUNT FOUR

16a

The Grand Jury further charges:

On or about February 4, 1971, in the Southern District of New York, MILTON PARNES and BARBARA PARNES, the defendants, unlawfully, wilfully and knowingly transported and caused to be transported in interstate commerce from West Orange, New Jersey to New York, New York, money and securities of a value of more than \$5,000, to wit, two cashier's checks dated February 4, 1971 in the amounts of \$150,000 and \$5,000 respectively, drawn on the National Newark & Essex Bank, the funds for the purchase of which included at least \$56,000 which had been stolen, converted and taken by fraud as the defendants MILTON PARNES and BARBARA PARNES then and there well knew.

(Title 18, United States Code, Sections 2314 and 2.)

COUNT FIVE

The Grand Jury further charges:

On or about February 4, 1971, in the Southern District of New York, MILTON PARNES and BARBARA PARNES, the defendants, having devised a scheme to defraud and for obtaining money and property by means of false pretenses, representations and promises, unlawfully, wilfully and knowingly caused and induced Allan Goberman to travel in interstate commerce from New York, New York to West Orange, New Jersey and back in execution of a scheme to defraud said Allan Goberman of money and property having a value of \$5,000 or more, to wit, his 90.5 percent stock interest in Hotel Corp.

(Title 18, United States Code, Sections 2314 and 2.)

COUNT SIX

The Grand Jury further charges:

On or about February 9, 1971, in the Southern District of New York, MILTON PARNES and BARBARA PARNES, the defendants, unlawfully, wilfully and knowingly caused to be transported in interstate commerce from West Orange,

Indictment

17a

New Jersey to New York, New York, money and securities of a value of \$5,000 or more, to wit, a cashier's check dated February 9, 1971, in the amount of \$5,000 drawn on the National Newark & Essex Bank, the funds for the purchase of said cashier's check having been stolen, converted and taken by fraud as the defendants MILTON PARNESS and BARBARA PARNESS then and there well knew.

(Title 18, United States Code, Sections 2314 and 2.)

COUNT SEVEN

The Grand Jury further charges:

On or about March 30, 1971, in the Southern District of New York, MILTON PARNESS and BARBARA PARNESS, the defendants, having devised a scheme to defraud and for obtaining money and property by means of false pretenses, representations and promises, unlawfully, wilfully and knowingly caused and induced Allan Geberman to travel in interstate and foreign commerce from Philadelphia, Pennsylvania to St. Maarten, Netherlands Antilles, in execution of a scheme to defraud said Allan Geberman of property having a value of \$5,000 or more, to wit, his 90.5 percent stock interest in Hotel Corp.

(Title 18, United States Code, Sections 2314 and 2.)

Foreman

PAUL J. CURRAN
United States Attorney

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - -x

UNITED STATES OF AMERICA :

-against- :

73 Cr. 157

MILTON PARNESS and :
BARBARA PARNESS, :

Defendants. :

NOTICE OF MOTION

- - - - -x

S I R :

PLEASE TAKE NOTICE that upon the accompanying affidavit of ROY M. COHN, ESQ., sworn to the 19th day of March, 1973, the indictment, and all proceedings heretofore had herein, the undersigned attorney for the defendant will move this Court, at such time and place as the Court shall direct, for the following orders, as hereinafter more particularly described, and for such other and further relief as to the Court may seem just and proper:

I. Pursuant to Rule 12 of the Federal Rules of Criminal Procedure, for an order dismissing the indictment on the ground that Title 18 U.S.C. §§ 1961, et seq., are unconstitutional.

II. Pursuant to Rule 12 of the Federal Rules of Criminal Procedure, for an order dismissing the indictment on the ground that the statute is confiscatory in nature and deprives defendant of property without due process of law.

III. Pursuant to Rule 12 of the Federal Rules of Criminal Procedure, for an order dismissing Count One of the indictment on the ground that it fails to state a crime against defendant Milton Parness.

Notice of Motion

19a

IV. Pursuant to Rule 12 of the Federal Rules of Criminal Procedure, for an order dismissing Counts Two and Four of the indictment on the ground that they fail to state a crime against the defendants.

V. Pursuant to Rule 7(d) of the Federal Rules of Criminal Procedure, for an order striking from the indictment, as surplusage, all allegations in the indictment other than the alleged specific acts of racketeering activity.

VI. For an order directing the United States Attorney to turn over to the defendants all exculpatory matter, pursuant to Brady v. Maryland.

Dated: New York, New York
March 19, 1973

Yours, etc.,

ROY M. COHN
Attorney for Defendants
Office and P. O. Address
39 East 68th Street
New York, New York 10021
(212) 472-1400

TO:

HON. WHITNEY NORTH SEYMOUR, JR.
United States Attorney
Southern District of New York
United States Courthouse
Foley Square
New York, New York

AFFIDAVIT OF ROY M. COHN ANNEXED TO FOREGOING NOTICE
OF MOTION

20a

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- x

UNITED STATES OF AMERICA :

-against- :

73 Cr. 157

MILTON PARNES and :
BARBARA PARNES, :

AFFIDAVIT

Defendants. :

----- x

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

ROY M. COHN, being duly sworn, deposes and says:

That I am a partner in the firm of SAXE, BACON,
BOLAN & MANLEY and submit this affidavit in support of various
preliminary pretrial motions made on behalf of said defendants.

I.

MOTION FOR AN ORDER DISMISSING THE
INDICTMENT ON THE GROUND THAT TITLE
18 U.S.C. §§ 1961, ET SEQ., ARE
UNCONSTITUTIONAL

This is not the usual or pro forma pretrial motion
to dismiss. I believe, and apparently the United States Attorney
agrees, that this is the first prosecution in this country of
defendants under Section 1961, et seq., of Title 18 U.S.C.
Chapter 96 (which encompasses §§ 1961-1968, inclusive) is
entitled "Racketeer Influenced and Corrupt Organizations."
Section 1961 defines, among other things, "racketeering activity,"
"enterprise" and "pattern of racketeering activity."

The statutory dichotomy creates "racketeering activi-
ty" out of "any act which is indictable under . . . Sections

2314 ..." The statute then brands as "pattern of racketeering activity" at least "two acts of racketeering activity" occurring within 10 years of each other (Emphasis supplied). Section 1962(b) then declares it unlawful "for any person, through a pattern of racketeering activity," to acquire or maintain an interest in an "enterprise" which is engaged in interstate or foreign commerce. Thus, the statute improperly permits an indictment for anyone engaging in a series of acts which are criminal without providing that it was judicially determined that the defendant had in fact committed these acts.

The statute fails the due process of law test by authorizing an indictment of a person for engaging in two or more acts (i.e., the "pattern") which are "indictable," but for which that person may never nor could never be indicted or convicted. We submit, initially, that the term "indictable" is so broad and vague as to render the chapter unintelligible. It simply makes no sense. I shudder to think of how a lay jury will be able to decipher it.

To begin with, was Congress speaking of an "indictable" act from a factual and/or legal standpoint? In other words, if today John Doe commits a Section 1961(b) "act," but was never indicted -- either because John was never caught or, if he was, the grand jury was not impressed with the prosecutor's presentation before it -- and seven years from today John commits an identical act, do we have a "pattern of racketeering activity"? Assuming the normal five-year statute of limitations, is the first of the two acts "indictable"? Actually, it might be so considered, but legally it could not be. The standard of what is "indictable" is so vague as to destroy the fabric and efficacy of the statute.

We respectfully submit that this statute (which has been on the books since October 1970 and never been used) can

replace the Section 371 conspiracy dragnet as the new "darling of the prosecutor's nursery." This is obviously not the time to present the facts of this case; suffice it to say that we feel the charges are outrageously unfounded. Yet, the over-broad scope of Section 1961 can encompass almost every criminal act in our statute books. Standing alone, this aspect violates due process.

For example, in Florida it is criminal to bet on horseraces off track. Paul Doe, a resident of neighboring Georgia, on January 1 and January 2, 1973, drives to Florida and on each day places a \$10 bet on a horserace with a local bookmaker. He wins both days and earns \$600, with which he purchases a frankfurter vending cart which he stocks with frankfurters made in New York. Paul has technically violated the Travel Act (Title 18 U.S.C. § 1952). Under the wording of Section 1961 it would appear that Paul could be charged with (1) two acts of racketeering, (2) engaging in a pattern of racketeering activity and (3) through a pattern of racketeering activity, acquiring an interest in an enterprise engaged in interstate commerce. Not only does Paul face a 20-year prison term and a \$25,000 fine, but he faces forfeiture to the United States of his hot dog stand.

Is this what our Congress intended? Similarly, in the instant case, assuming arguendo, that each fact alleged in Count One is true, does the alleged misconduct fall within the scope and purpose of the statute? Is this the evil Congress sought to proscribe? Respectfully, we submit that the answers are "No." There is no mention or hint of "Racketeer Influenced and Corrupt Organizations: in this indictment. At best, this is

a civil action, perhaps for damages or rescission. The acts set forth in the indictment clearly do not fall within the conduct that Congress was concerned with when it passed Section 1961, et seq.

II.

MOTION FOR AN ORDER DISMISSING THE
INDICTMENT ON THE GROUND THAT THE
STATUTE IS CONFISCATORY AND DEPRIVES
A DEFENDANT OF PROPERTY WITHOUT DUE
PROCESS OF LAW.

Section 1963, entitled "Criminal Penalties," provides that, in addition to a maximum 20-year term of imprisonment and \$25,000 fine, whoever violates Section 1962 shall forfeit to the United States "any interest he has acquired or maintained in violation of Section 1962" and "any interest in ... any enterprise which he has established, operated, controlled or conducted ... in violation of 1962." In other words, in this case, assuming that the defendants now own the facilities in the Netherlands Antilles, those facilities would be subject to forfeiture upon conviction. In this regard alone the statute is unconstitutional.

It can readily be envisioned where, notwithstanding even a valid conviction under 1962 for engaging in a pattern of racketeering activities, that a defendant could successfully defend a civil action brought by the person allegedly defrauded, i.e., Allan Goberman in this case, if, for example, Goberman were to institute an action for rescission of the transaction. Rescission in any court in this country is an equitable remedy and as such the plaintiff must come in with "clean hands." A defendant would have every equitable defense available to defeat the action. If the plaintiff failed to overcome the defenses, the court of equity would leave parties where it found them, thus defeating any claim

for rescission. The United States cannot be in any better or cleaner shoes than Goberman in this case, since it is specifically charged in the indictment that Parness obtained the St. Maartin Isle Hotel Corporation by fraudulent means from Goberman. Certainly, in any civil suit brought by Goberman against Milton Parness the latter would have an opportunity to assert any legal or equitable defenses he had against Goberman. Yet, Section 1964(d) provides that a final judgment in favor of the Government in a criminal case estops the defendant from denying the essential allegations of the criminal offense in any subsequent civil proceeding brought by the United States -- in this case, without permitting Milton Parness to interpose the same defenses he would be entitled to if Goberman brought the civil action. We submit that there can be no doubt that the statute raises serious questions of confiscation without due process of law and, as such -- standing alone -- cannot survive the constitutional mandate.

III.

MOTION TO DISMISS COUNT ONE
ON THE GROUND THAT IT FAILS
TO STATE A CRIME AGAINST
DEFENDANT MILTON PARNESS.

Assuming arguendo the truth and accuracy of every fact alleged in Count One, it does not charge a crime against Milton Parness.* In short, the indictment traces the pledge of Goberman's stock in Hotel Corp. (1) from Goberman through the "creditor" who foreclosed the \$150,000 pledge thereon, (2) through Barbara Parness and Stanley Amsterdam, and (3) finally, into Aliter. The indictment then alleges that Edward Levery is the

*The Government has acknowledged that Barbara Parness is not charged in Count One.

100% stockholder of Aliter. The indictment fails to allege that Milton Parness had anything to do with Aliter or Levery. It is not only imperative that the indictment contain such an allegation, but it is logical as well that it must. If the pledge winds up in Aliter, why is Milton Parness a defendant in this case? The indictment does not allege that Milton Parness was in truth and in fact the real owner of Aliter -- it says nothing about Milton Parness and Aliter. As such, we submit the indictment is fatally and irrevocably defective and Count One must be dismissed.

IV.

MOTION FOR ORDER DISMISSING
COUNTS TWO AND FOUR ON THE
GROUND THAT THEY FAIL TO STATE
A CRIME AGAINST THE DEFENDANTS.

Counts Two and Four charge that on February 4, 1971, and February 9, 1971, respectively, the defendants unlawfully transported cashiers' checks from New Jersey to New York, the funds for the purchase of said checks having been stolen. It is respectfully submitted that the first paragraph of Title 18 U.S.C. § 2314, to which Counts Two and Four relate, does not make criminal the transportation in interstate commerce of the proceeds of a theft. The section prohibits the transportation of money which has been stolen, but not the transportation of what that money could buy, i.e., a fur coat, a television set or a bank check.

It is respectfully submitted that Counts Two and Four do not state a crime against the defendants and, as such, must be dismissed.

MOTION FOR AN ORDER STRIKING
SURPLUSAGE IN THE INDICTMENT.

Count One charges a violation of Section 1961.

As discussed previously, such section, containing certain definitions of "racketeering activities," encompasses all of the charges against which the defendant Milton Parness must defend. Count One goes much further than setting forth the allegations of racketeering activity. It contains an historical exposition of the development of the St. Maarten Isle gambling casino and the defendant's connection therewith as a gambling junket organizer. The references therein to gambling, although not alleged to be a criminal activity, could be prejudicial when heard by a trial jury. Such references are surplusage and should be deleted. However, if the prosecution will concede that the language in the indictment referring to gambling does not charge nor imply anything illegal, defendant has no objection to leaving mention thereof in the indictment.

VI.

BRADY MATERIAL

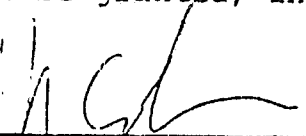
Throughout the course of the grand jury's investigation which resulted in this indictment, your deponent, with another member of my law firm, as counsel for the defendants, turned over a substantial amount of documentation to the prosecutor. In addition, defendant Barbara Parness and her associates in her travel agency business testified before the grand jury and produced various documents as well. Under Brady v. Maryland, defendants are entitled to any and all exculpatory material in

Affidavit of Roy M. Cohn Annexed to Foregoing Notice
of Motion

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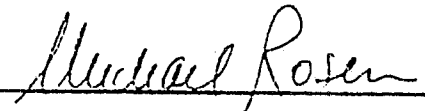
the possession of the Government. While we have no doubt that the Government will voluntarily furnish us with such material, we make this request therefor as a matter of record.

WHEREFORE, for the reasons stated above, it is respectfully requested that the defendants' motions be granted, in all respects.



Roy M. Cohn

Sworn to before me this
19th day of March, 1973.



Michael Rosen

MICHAEL ROSEN
NOTARY PUBLIC, State of New York
No. 41-3545703
Qualified in Queens County
Commission Expires March 30, 1973

MEMORANDUM DECISION (Filed May 17, 1973)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
UNITED STATES OF AMERICA :
 :
-v- :
 :
MILTON PARNESS and :
BARBARA PARNESS, :
 :
Defendants. :
-----X

WHITNEY NORTH SEYMOUR, JR.,
United States Attorney for the
Southern District of New York
Attorney for the United States of America
HAROLD F. McGUIRE, JR.,
Assistant United States Attorney
ROBERT J. CAMPBELL,
JOHN DOWD,
Special Assistant United States
Attorneys
Of Counsel

ROY M. COHN
Attorney for Defendants
MICHAEL ROSEN,
Of Counsel

BONSAL, D. J.

A 5-count indictment filed on February 13, 1973
charges defendant Milton Parness, in Count One, with
acquiring an interest in an enterprise in interstate or

Memorandum Decision

foreign commerce through a pattern of racketeering activity (defined in 18 U.S.C. § 1961(1) and § 1961(5)) in violation of 18 U.S.C. § 1962(b), the indictment further charges the defendants, Milton Parness and Barbara Parness, in Counts Two through Five, with transportation of money, securities, and a victim of fraud in interstate or foreign commerce in violation of 18 U.S.C. § 2314 and § 2.

Defendants pled not guilty to this indictment on February 20, 1973. On March 19, with leave of the Court, defendants filed the following motions:

- I. For an Order pursuant to Rule 12 of the Federal Rules of Criminal Procedure dismissing Count One of the indictment on the ground that 18 U.S.C. §§ 1051 et seq. are unconstitutional;
- II. For an Order pursuant to Rule 12 (F.R.Cr. P.) dismissing Count One of the indictment on the ground that 18 U.S.C. § 1963(a) is confiscatory in nature and deprives defendants of property without due process of law;

Memorandum Decision

- III. For an Order pursuant to Rule 12 (F.R.Cr. P.) dismissing Count One of the indictment on the ground that it fails to state a crime against Milton Parness;
- IV. For an Order pursuant to Rule 12 (F.R.Cr. P.) dismissing Counts Two and Four of the indictment on the ground that they fail to state a crime against the defendants;
- V. For an Order pursuant to Rule 7(d) (F.R. Cr. P.) striking from the indictment all references therein to gambling;
- and
- VI. For an Order pursuant to Brady v. Maryland, 373 U.S. 83 (1963), directing the United States Attorney to turn over to defendants all exculpatory matter in the government's possession relevant to the case.

I.

Section 1962(b) of Title 18 provides:

It shall be unlawful for any person through a pattern of racketeering activity or through collection of an unlawful debt to acquire or maintain,

Memorandum Decision

directly or indirectly, any interest in or control of any enterprise which is engaged in, or the activities of which affect, interstate or foreign commerce.

Section 1961(1) defines "racketeering activity" to include "any act which is indictable under ... sections 2314 and 2315 (relating to interstate transportation of stolen property)." Section 1961(1) provides:

"pattern of racketeering activity" requires at least two acts of racketeering activity, one of which occurred after the effective date of this chapter (October 15, 1970) and the last of which occurred within ten years (excluding any period of imprisonment) after the commission of a prior act of racketeering activity.

Defendant Milton Parness argues that by defining criminal acts in terms of acts that are merely "indictable," the statute unconstitutionally vague and overbroad and, if upheld, would deprive him of due process of law.

The applicable test of vagueness is whether the language of the statute conveys "sufficiently definite warning as to the prescribed conduct when measured by common understanding and practices." United States v. Petrillo, 332 U.S. 1, 8 (1947). A statute violates due

Memorandum Decisions

process if "men of common intelligence must necessarily guess at its meaning and differ as to its application." Connally v. General Construction Co., 269 U.S. 385, 391 (1926). See United States v. Deutsch, 451 F.2d 98 (2d Cir. 1971), cert. denied, 404 U.S. 1019 (1972).

In the present case, the Indictment charges violations of both 18 U.S.C. § 1962(b) and 18 U.S.C. § 2314. In order to convict the defendant on Count One, the government will have to prove beyond a reasonable doubt all the material elements of two or more acts which are themselves violations of 18 U.S.C. § 2314. The clear intent of section 1962 was to make criminal the acquisition of a business enterprise by means of a series of criminal acts. Thus, by referring to section 2314 to define those criminal acts, section 1962 does not, of itself, make the criminal law more ambiguous or vague, there is no dispute that 18 U.S.C. § 2314 provides a sufficiently ascertainable standard of guilt. As construed herein, 18 U.S.C. § 1962(b) is not unconstitutional for vagueness. See United States v. Irwin, 354 F.2d 192, 195 (2d Cir. 1965), cert. denied, 383 U.S. 957 (1966).

Memorandum Decision

Since, as stated above, the government must prove beyond a reasonable doubt the elements of two or more crimes in violation of section 2314 before the defendant Milton Parness can be convicted on Count One, section 1962(a) is also not overbroad in its present application, and does not prohibit constitutionally protected conduct. See Zwickler v. Keota, 389 U.S. 241, 249-50 (1967) and cases cited therein.

Accordingly, defendant's motion for an Order dismissing Count One of the Indictment on the ground that 18 U.S.C. §§ 1961 et seq. are unconstitutional is denied.

II.

Section 1963(a) provides:

Whoever violates any provision of section 1962 of this chapter shall be fined not more than \$25,000 or imprisoned not more than twenty years, or both, and shall forfeit to the United States (1) any interest he has acquired or maintained in violation of section 1962, and (2) any interest in, security of, claim against, or property or contractual right of any kind affording a source of influence over, any enterprise which he has established, operated, controlled, conducted, or participated in the conduct of, in violation of section 1962.

Memorandum Decision

Defendants argue that this section is unconstitutional in that it would permit a confiscatory "taking" of property without the due process of law guaranteed by the Fifth Amendment to the United States Constitution. Defendants cite as authority a 1790 Act of Congress prohibiting convictions or judgments from working "corruption of blood or any forfeiture of estate." 18 U.S.C. § 3563.

This statute, however, is inapplicable since Congress has specifically provided in 18 U.S.C. § 1963(a) for forfeiture of the interest acquired or maintained illegally. Moreover, in other contexts, the forfeiture of the fruits of illegal activity has been upheld. See, e.g., United States v. One Ford Coach, 307 U.S. 210 (1939); United States v. Ryan, 284 U.S. 167 (1931); United States v. \$1,963 in United States Money, 270 F. Supp. 396 (E.D. Tenn. 1967). Moreover, forfeiture can occur only in the event that Milton Parness is convicted under Count One. In the meantime, as a defendant in a criminal case, he will be accorded due process.

Accordingly, defendants' motion for an Order dismissing the indictment on the ground that 18 U.S.C.

Memorandum Decision

§ 1963(a) is confiscatory is denied.

III.

The indictment alleges in Count One that Milton Parness organized gambling "junkets" to a resort gambling casino in the Netherlands Antilles, which casino was owned and operated by the St. Maarten Isle Hotel Corporation, N.V. ("Hotel Corp."). The indictment further alleges that Aliter Holdings, N.V. ("Aliter") acquired a 90.5% interest in Hotel Corp. from Allan Goberman, and that defendant Milton Parness acquired and maintained interests in and control of both Hotel Corp. and Aliter through a pattern of racketeering activity as defined in 18 U.S.C. §§ 1961 et seq.

Defendant Milton Parness argues that Count One is defective in that it does not sufficiently trace the transfer of the 90.5% interest in Hotel Corp. from Goberman to Parness, and thus that Count One fails to state a crime as to him.

This court finds that Count One is sufficient to apprise the defendant of what he must be prepared to meet at trial. United States v. Bonanno, 177 F.Supp.

Memorandum Decision

106, 113-14 (S.D.N.Y. 1959), rev'd on other grounds sub nom. United States v. Bufalino, 285 F.2d 408 (2d Cir. 1950). See United States v. Silverman, 430 F.2d 106 (2d Cir. 1970), cert. denied, 402 U.S. 953 (1971); United States v. Zolli, 51 F.R.D. 522 (S.D.N.Y. 1970), and cases cited therein. The government, of course, will be required to show at trial how the alleged transfer was accomplished in proving the elements of the crime charged in Count One.

Accordingly, defendant Milton Parness' motion to dismiss Count One of the indictment is denied.

IV.

Counts Two and Four name both Milton Parness and Barbara Parness as defendants and allege that in violation of 18 U.S.C. § 2314 they caused to be transported in interstate commerce two cashier's checks dated February 4, 1971 in the amounts of \$150,000 and \$5,000; and a cashier's check dated February 9, 1971 in the amount of \$5,000, in violation of 18 U.S.C. § 2314.

Defendants argue that the interstate transportation of the proceeds of a theft or articles purchased with

Memorandum Decision

stolen money is not covered by 18 U.S.C. § 2314.

In United States v. Bottone, 365 F.2d 389 (2d Cir), cert. denied, 385 U.S. 974 (1966), the Court of Appeals faced a similar question in a prosecution under 18 U.S.C. § 2314. There, defendants stole cultures of microorganisms and documents that outlined manufacturing procedures. They made copies of the documents, transporting the copies in interstate and foreign commerce, but returning the originals to the owner's files. In affirming the convictions, Judge Friendly wrote: "[W]hen the physical form of the stolen goods is secondary in every respect to the matter recorded in them, the transformation of the information in the stolen papers into a tangible object never possessed by the original owner should be deemed immaterial." 365 F.2d at 393-94. In the present case it is likewise immaterial that the money allegedly stolen was transported in interstate commerce in the form of cashier's checks.

Accordingly, defendants' motion to dismiss Counts Two and Four is denied.

Memorandum Decision

V.

Defendant Milton Parness moves to strike as surplusage all references to gambling in the indictment. Defendant, however, states in his moving papers that "If the prosecution will concede that the language in the indictment referring to gambling does not charge nor imply anything illegal, defendant has no objection to leaving mention thereof in the indictment." Since the Court will instruct the jury at the appropriate time with respect to the allegations of the indictment, the matter of references to gambling can be taken up at that time. Accordingly, defendant's motion is denied.

VI.

The government has conceded, as it must, that it will comply with the requirements of Brady v. Maryland, 378 U.S. 83 (1963). Accordingly, defendants' motion to direct the government to produce exculpatory material in its possession is granted.

It is so ordered.

Dated: New York, N. Y.
May 17, 1973.

DUDLEY B. BONSAI
U.S.D.J.

BILL OF PARTICULARS DOCKET NO. 73 CR. 157
UNITED STATES DISTRICT COURT (Filed May 8, 1973)
SOUTHERN DISTRICT OF NEW YORK

39a

-----X

UNITED STATES OF AMERICA :

- v - :

BILL OF PARTICULARS

MILTON PARNES and :
BARBARA PARNES, :

73 Cr. 157 (DBB)

Defendants. :

-----X

SIRS:

For its Bill of Particulars, the United States of America states as follows (paragraph numbers are keyed to the stipulation filed *March 26*, 1973 and "so ordered" by the Court):

1. Barbara Parnes is not charged as a defendant in Count One.

2. Hotel Corp. owned and operated the casino; the hotel/casino complex constitutes a single "enterprise".

3. Immediately prior to the transfer of Allan N. Goberman's stock to Barbara Landow and Stanley Amsterdam, Goberman and attorney Louis Hoffman (as trustee for International Mercantile Establishment) were record owners of 90.5% and 9.5%, respectively, of the outstanding stock of Hotel Corp.

4. The Government will not claim that Aliter had any business other than as a holding company.

5. Frank Ferrara was in "overall charge of the operations" of the casino from approximately January to

Bill of Particulars
approximately the beginning of September 1970, at which time Milton Parness took over this function from Ferrara.

6. The following individuals assisted Milton Parness in acquiring Hotel Corp. stock and notes, and contributing the stock to Aliter:

- a) Barbara Landew, now Barbara Parness
- b) Edward Levrey
- c) Stanley Amsterdam
- d) Larry Faigin
- e) Barnard Klavir
- f) William Hamilton

7(a) through (d). The Government does not know and will not attempt to prove the total number or dollar amount of markers collected or caused to be collected by Parness, or the dates of collection and remittances, or the names or the addresses of more than a small percentage of the gamblers involved.

8. The identity of the "various other junket organizers" known to the Government are:

- | | |
|---------------------|-----------------------|
| a) Robert Baskind | k) Sam Katz |
| b) William Landsman | l) William Lusthaus |
| c) Edward Feldman | m) Dorie Marcus |
| d) Jerome Kurtz | n) Carlo Mastrototaro |
| e) Dave Brill | o) Sam Norber |
| f) Murray Goodman | p) Bruce Nurook |
| g) Frances Fromer | q) John Orlick |
| h) Aaron Gerb | r) Frank Scibelli |
| i) Herb Gottlieb | s) Ted Simonelli |
| j) Jerry Hade | t) Mike White |

9. Marker collections deposited to Olympic's bank account at the West Orange branch of the National Newark and Essex Bank aggregated \$820,676.38 for the year 1971.

10. Paragraph 3(c) of Count One of the Indictment makes no allegation that Goberman's pledge was actually foreclosed on. However, by January 25, 1971, Goberman's debt was overdue and his pledge was subject to foreclosure by Leonard Holzer.

11. On or about October 6, 1970 Allan Goberman borrowed \$150,000 from Leonard Holzer.

12. None of the alleged false representations referred to in paragraph 3(c) of Count One was made in writing.

13. The representations were false in that, at the time they were made, Milton Parness had in fact collected and caused the collection of hundreds of thousands of dollars from junketeers on markers due and owing to Hotel Corp.

14(a). Milton Parness caused Allan Goberman to believe, contrary to the fact, that he had been unable to effect sufficient marker collections so that Hotel Corp. had the cash to repay Leonard Holzer's loan; in fact, at that time at least \$56,000 of Hotel Corp.'s funds were on deposit in Olympic's bank account at the West Orange branch of the National Newark and Essex Bank.

14(b) through 14(e). Sometime in the morning of February 4, 1971, Allan Goberman and William Hamilton went to the offices of Willkie Farr and Gallagher, 1 Chase

Manhattan Plaza, New York, N.Y., where they met Larry Faigin. In the afternoon of the same day these three men traveled by automobile to West Orange, New Jersey, where Faigin and/or Hamilton obtained cashier's checks for \$150,000 and \$5,000 at the National Newark & Essex Bank. They returned to New York. Hamilton was left off at his hotel. It is not known what Goberman and Faigin did after Hamilton left them or where they went. The indictment erroneously identifies the city to which Goberman traveled as Newark; in fact, the travel was to West Orange, New Jersey as aforesaid.

15. On February 4, 1971, Milton Parness (through his nominees, Barbara Landew and Stanley Amsterdam) replaced Leonard Holzer as Goberman's creditor. By this time, Goberman's obligation, originally \$150,000, had been increased to approximately \$160,000 because of interest charges and legal fees.

16. Goberman made an agreement in writing with Barbara Landew and Stanley Amsterdam dated February 3, 1971 in New York, N.Y. under the terms of which Barbara Landew and Stanley Amsterdam would become registered security holders of Goberman's stock in Hotel Corp. in the event Goberman did not repay certain moneys to them by March 15, 1971. He did not repay the moneys.

17. See paragraphs 14(a) through 14(e).

18-19. On February 4, 1971, in West Orange, New Jersey, Barbara Landew, at the direction of Milton

Parness, negotiated a check for \$56,000 drawn on Olympic's account at the National Newark & Essex Bank. This action constituted a conversion and theft of \$56,000 from Hotel Corp. and its stockholders by Barbara Landaw and Milton Parness.

20. The Government does not know how the cashier's check for \$5,000 was transported from New Jersey to New York.

21-22. On February 9, 1971, in West Orange, New Jersey, Barbara Landaw, at the direction of Milton Parness, negotiated a check for \$5,000 drawn on Olympic's account at the National Newark & Essex Bank. This action constituted a conversion and theft of \$5,000 from Hotel Corp. and its stockholders by Barbara Landaw and Milton Parness.

23. The false entries on Olympic's books were made by Ida Cohen.

24(a) through (c) The government does not know and will not attempt to prove the total amount of money diverted, or the proportion of that total represented by members and "other moneys."

24(d) The government does not know all those who paid moneys, but furnishes the following information for the period February 4 through April 4, 1971:

<u>Source</u>	<u>Paid by</u> <u>William Landman</u>	<u>Robert Aschland</u>
Marker collections	33,326	7,000
Front money, air fares	<u>25,532</u>	<u> </u>
TOTAL	58,858	7,000

25. No one accompanied Allen Gberman on his travel to St. Maarten. However, Gberman's wife and his attorney Howard Rubin traveled to St. Maarten on March 31, 1971.

26. Between on or about April 1 and April 4, 1971, attorney Larry Faigin drafted a series of letters which were signed by Gberman, Barbara Landow and Stanley Amsterdam.

27. The signatures of Barbara Landow, Stanley Amsterdam and Edward Levrey appear on these letters.

28. The Government will claim on trial that Edward Levrey was not the beneficial owner of Aliter.

29. On and after July 2, 1971, Gberman had no "creditor interest" in Hotel Corp. except a \$3.5 million note, dated July 15, 1968, which was subject to \$3.0 million in bearer notes, dated as of November 15, 1970.

30. (a) On or about February 15, 1971, defendant Milton Parness contributed to Aliter the contractual right, obtained by fraud and nominally held by defendant Barbara Parness and Stanley Amsterdam, to collect \$160,000 from Allen Gberman and, in the event said \$160,000 was not paid, to obtain a forfeiture of Gberman's 90.5 percent stock interest in Hotel Corp. As a result of the contribution, defendant Milton Parness obtained and exercised complete control over Aliter.

HFM, Jr. :ko
73-0528

(b) Between December 1, 1970 and April 5, 1971, defendant Milton Parness, acting through his nominees (defendant Barbara Parness and Stanley Amsterdam) obtained beneficial ownership of 226,250 shares (90.5 percent) of stock in Hotel Corp. in the manner and by the means set forth in paragraph 3 of Count One of the indictment.

(c) During June, 1971, defendant Milton Parness caused defendant Barbara Parness and Stanley Amsterdam to acknowledge in writing that they were nominees for Aliter and to substitute Aliter for themselves as the beneficial owner of said 226,250 shares of Hotel Corp. stock.

(d) On or about July 2, 1971, Aliter became record owner of 226,250 (90.5 percent) of the shares of Hotel Corp. stock.

(e) Through investing income derived from a pattern of racketeering activity in the acquisition of Aliter, as described above, defendant Milton Parness acquired a 50 percent stock interest in Aliter.

Dated: New York, New York
May , 1973

WHITNEY NORTH SEYMOUR, Jr.
United States Attorney

By: _____
HAROLD P. McGUIRE, Jr.
Assistant United States Attorney

Bill of Particulars

46a

HFM, Jr. :ko
73-0528

To:

Roy M. Cohn, Esq.
Attorney for Defendants
39 East 68th Street
New York, N.Y. 10021

BILL OF PARTICULARS-DOCKET NO. 73 CR. 750 47a
UNITED STATES DISTRICT COURT (Dated September 5, 1973)
SOUTHERN DISTRICT OF NEW YORK

-----X

UNITED STATES OF AMERICA :

-v- :

BILL OF PARTICULARS

MILTON PARNES and :
BARBARA PARNES, :

73 Cr. 750 (DBB)

Defendants. :

-----X

SIRS:

For its Bill of Particulars, the United States of America states as follows (requests for particulars, which the government has consented to supply, are stated along with the particulars):

Count One

With respect to Paragraph 2:

1. Upon whom were the "fraud" and "extortion" perpetrated?

Allan Geberman.

With respect to paragraph 3(9):

2. State whether the government will allege that the source of the \$160,000 was marker or IOU collections?

Yes.

3. State whether there exists any writing referring to the \$160,000 loan transaction?

Yes.

4. State whether the government will allege that the entire \$160,000 was Hotel Corp. money?

Yes.

With respect to paragraph 3(n):

5. Where were the threats made?

St. Maarten, Netherlands, Antilles

6. Was anyone else present when the threats were made?

Only PARNES and GOBERMAN.

7. Describe the nature of the threats.

"You want to be found tomorrow? Sign it."

Count Two

With respect to paragraph 4(a):

8. Name the two attorneys

D. C. Butijn

J. G. M. Speetjens

Count Three

With respect to paragraph 4(a):

9. Name the two attorneys

D. C. Butijn

J. G. M. Speetjens

Dated: New York, New York
September 5, 1973.

PAUL J. CURRAN
United States Attorney for the
Southern District of New York

By: 

HAROLD F. MCGUIRE, Jr.
Assistant United States Attorney

* * *

Goberman-direct

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2

(In open court; jury present.)

A L L A N G O B E R M A N, called as a witness by
the Government, having been first duly sworn,
testified as follows:

DIRECT EXAMINATION

BY MR. MC GUIRE:

Q Where do you live, Mr. Goberman?

A Lancaster, Pennsylvania.

Q How long have you lived there?

A About 45 years.

Q Do you live in the same place now as you have
lived in for the last 15 or 20 years?

A No, sir.

Q During the period, say, 1960 through 1970 where
did you live?

A I lived at 12 North School Lane, Lancaster.

Q Can you describe your residence?

A I would say it was a rather large colonial-type
home.

Q Where do you live now?

A I live at 104 Village Green Lane in Lancaster.

Q What kind of place is that?

A It is a 2-1/2 room building that used to be my
office.

1 jqbr

Goberman-direct

3

2 Q Do you own it?

3 A Yes, sir.

4 Q Will you tell the ladies and gentlemen of the jury
5 what your business career has been in summary, oh, since
6 the end of World War II?

7 A I became self-employed in 1936.

8 Q Let us not go back to the '30s. Since the end
9 of World War II will be good enough.

10 A What year, '45?

11 Q Yes, sir.

12 A At that time I was in the retail business and began
13 the construction business at the same time. I started
14 building homes in 1945.

15 Q Did you do that through your own company or
16 companies?

17 A Yes, sir.

18 Q Was the business successful?

19 A I would say so, yes, sir.

20 Q How many homes do you estimate you built from the
21 period -- well, for the first 20 years.

22 A About 3,000 homes.

23 Q Did you or your companies build other structures
24 as well?

25 A Yes, sir, at times for other people and other

1 jqbr

Goberman-direct

4

2 structures for my own use.

3 Q I suppose it is fair to say that this activity
4 generated a good deal of income and provided you with a small
5 fortune, would that be fair to say?

6 A That would be fair to say, yes, sir.

7 Q As of 1967 what would you say you were worth in terms
8 of net worth?

9 A About 2-1/2 to \$3 million.

10 Q What are you worth today?

11 A I am living on my Social Security check which is
12 my own means of income.

13 Q I direct your attention, sir, to the year
14 1967. At that time did you first hear of a hotel on the
15 island of St. Maarten in the Netherlands Antilles?

16 A Yes, sir.

17 Q Can you tell us in general who you heard about
18 it from and what you did as a result?

19 A From a chap that I knew in Pennsylvania by the name
20 of Phillip Patz.

21 Q Did you hear about this hotel from him?

22 A Yes, sir.

23 Q Did you subsequently go to the island of
24 St. Maarten to inspect the property?

25 A Secondly, yes.

jqbr

Goberman-direct

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Q What did you do primarily?

A My first move was to visit the government of the Netherlands Antilles in Curacao to try to straighten out the financial end of it and the financing of the proposed building.

Q Did you become interested in completing the construction of this hotel?

A Yes, sir.

Q At the time in 1967 when you first became interested in that was the hotel already partially completed?

A Well, I would say that just a small portion, the foundations and some columns were or had been completed by prior owners.

Q Were you successful in your efforts to obtain financing from the Netherlands Antilles Government in Curacao?

A Not at that time, sir, no, sir.

THE COURT: By the way, how old are you?

THE WITNESS: Sixty-five, sir.

THE COURT: All right.

Q Did you later become successful in obtaining some financing for this hotel from the Netherlands Antilles Government?

A After the hotel was 70 per cent completed I did get

1 jqbr

Goberman-direct

6

2 some help from the government of the Netherlands Antilles.

3 THE COURT: You said you went to Curacao?

4 THE WITNESS: Yes, sir.

5 THE COURT: What did you do after that, sir?

6 THE WITNESS: On the way back I stopped at St.
7 Maartens.

8 THE COURT: On the way back from Curacao you stopped
9 at St. Maartens?

10 THE WITNESS: Yes, sir.

11 THE COURT: Talk loudly so these ladies and
12 gentlemen can hear you.

13 I know if I ask a question you are apt to drop
14 your voice and they cant' hear you. Keep your voice up.
15 You stopped at St. Maartens on the way back and this was in
16 1967?

17 THE WITNESS: Yes, sir.

18 THE COURT: What did you do in St. Maartens?

19 THE WITNESS: I wanted to check the condition
20 and the present construction of the building at that time
21 in order to inform my architect the type of plans I would
22 have to have and to decide how I was going to complete the
23 building.

24 Q Was the building, such as it was, owned by
25 a company in 1967?

1 jqbr

Goberman-direct

7

2 A No, sir, at that time it was owned or repossessed
3 by the government of the Netherlands Antilles who
4 originally had a mortgage against it which they gave to the
5 original builders who had gon^d into bankruptcy.

6 Q Did you at some later time acquire an interest in a
7 company in the Netherlands Antilles?

8 A Yes, sir.

9 Q What was the name of it?

10 A Well, I formed a company called Goberman
11 Construction Company NV, NV is in the Antilles the same as
12 Inc. or Corp. as known in the United States.

13 THE COURT: It is a corporation?

14 THE WITNESS: Yes.

15 Q It is the same as having incorporated or corpor-
16 ation after the name?

17 A Yes, sir.

18 Q That is the Dutch way of doing it, is it?

19 A I beg your pardon?

20 Q Is that the Dutch way of doing it?

21 A That is the Antillian way of doing it, yes, sir.
22 Then, of course, I -- or we formed a hotel corporation
23 known as St. Maarten Isle Hotel Corporation NV.

24

25

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eo:mg l

Goberman-direct

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Q Did you put any money into that corporation, the hotel corporation?

4

A My initial investment was, I believe, \$300,000.

5

Q Where did you get that money?

6

7

A I borrowed that money from one of the banks with whom I did business with.

8

9

10

Q Did there come a time after your initial investment that you arranged for more money to be put into the building of the hotel on the Island of St. Maarten?

11

A Yes, sir.

12

Q How much money was that?

13

A I'd say a little over \$2 million in its entirety.

14

Q From where did that money come?

15

A I borrowed most of it from various banks.

16

Q Were those personal loans?

17

18

19

20

21

A Yes, sir. If they were not, if they were loans to the corporations, then I endorsed them and guaranteed them personally. Then I know of the sum of \$400,000 that I invested. That came from one of the corporations that I owned.

22

23

MR. COHN: Could I get that last answer read back, please?

24

25

THE COURT: Surely. Kindly read back the last answer.

eo:mg 2

Goberman-direct

9

(Record read.)

Q What was done with all this money that you arranged to borrow, Mr. Goberman?

A It all eventually went into the cost of building the hotel. It was the only means of funds that I had in order to complete the hotel at that time.

Q You spoke of Goberman Construction Company, N.V.?

A Yes, sir.

Q Was that the company that you used to act as prime contractor on the hotel?

A Yes, sir.

Q Did Goberman Construction Company have sub-contractors that it contracted work out to for various parts of the hotel operation?

A Some, yes.

Q Did it also have employees and buy equipment and rent other equipment, purchase materials and the like?

A Yes, sir.

Q All of that went into building the hotel, did it?

A Yes, sir.

Q Did there come a time after the first two or two and a half million dollars were put in that you were able to obtain a mortgage loan from the Netherlands Antilles Government?

eo:mg 3

Goberman-direct

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1
2 A Yes, sir.

3 Q Was that loan made to the St. Maarten Isle Hotel
4 Corporation?

5 A Yes, sir.

6 THE COURT: I think it might be helpful on that,
7 instead of leading the witness, why don't you ask him how
8 the loan was arranged.

9 I would like to hear what he has to say.

10 MR. MCGUIRE: Very well, your Honor.

11 Q Would you answer his Honor's question, Mr. Goberman?

12 A What was that question?

13 Q How the loan was arranged to St. Maarten Isle
14 Corporation.

15 A After writing several letters to the Prime Minister
16 of the Netherlands Antilles to prevail upon the government
17 of the Netherlands Antilles to place a first mortgage loan,
18 I finally made several trips to Curacao and met with the
19 Prime Minister and then met with the Minister of Finance;
20 their assistants and committees and so forth, and after
21 spending about a week there I was able to get a commitment.

22 THE COURT: What was the amount?

23 THE WITNESS: A million and a half dollars.
24 Rather two million, six hundred thousand Antillean guilders.

25 The mortgage was made out that way, sir.

1 eo:mg 4

Goberman-direct

2 THE COURT: Yes, you said a million and a half
3 dollars.

4 THE WITNESS: Approximately a million and a half
5 dollars.

6 THE COURT: If we get into guilders, we will have
7 more troubles, I think.

8 About a million and a half. Thank you.

9 THE WITNESS: Yes, sir.

10 Q Was any security put up for that loan?

11 A The first mortgage of the hotel.

12 Q When was the hotel building completed?

13 A I think the opening date was January 10, 1970,
14 completed essentially before then, 30 days before that,
15 I'd say the early part of 1970.

16 Q How big a place was it?

17 A It consisted of 150 rooms. It is rather hard to
18 describe because it had a large building attached to it
19 known as the public area. I'd say it was a large hotel.

20 Q 150 rooms for guests?

21 A Yes, sir. Basically 150 rooms.

22 Q Some space for various equipment and so forth, I
23 expect?

24 A Yes, sir.

25 Q Lobby areas and that sort of thing?

1 eo:mg 5

Goberman-direct

2 A Yes, sir, that building encompassed about the
3 same amount of square footage as the wing portion that had
4 the 150 rooms.

5 Q Was there also a casino, Mr. Goberman?

6 A Yes, there was a gambling casino in the hotel.

7 Q As to this gambling casino, was a license necessar-
8 from the Netherlands Antilles Government to operate a
9 gambling casino on that location?

10 A Yes, sir.

11 Q Who had the license?

12 A The license was in my name.

13 Q Personally?

14 A Yes, sir, because the law will not allow it to be
15 put into a corporate name. It can only be put in an in-
16 dividual's name.

17 Q When did you obtain the license from the Dutch
18 Antilles Government to operate a gambling casino, as best
19 you can remember?

20 A Actually, the act wasn't quite as simple as that.
21 They don't give you a license in writing until after quite
22 a bit of investigation of your background, but as the owner
23 of the corporation, they verbally tell you that you may
24 operate the casino, you have a verbal license, so open your
25 hotel and operate the casino.

1 eo:mg 6

Goberman-direct

2 Q When did you get a formal written license?

3 A I don't remember the exact date, sir.

4 Q Was it before or after the hotel opened?

5 A It had to be much after the hotel was opened.

6 Q You did obtain one?

7 A I believe there was a license obtained, yes, sir.

8 Q Would that be some time during 1970?

9 A I think so, yes, sir.

10 Q Mr. Goberman, had you had any prior experience
11 with a gambling business when you went into this gambling
12 casino operation?

13 A No, sir.

14 Q Had you ever been a gambler yourself?

15 A You mean casino gambling?

16 Q Yes.

17 A No, sir.

18 Q I don't mean a friendly poker game.

19 A No, sir, no casino gambling.

20 Q Did you know anybody who had ever been in the
21 gambling business?

22 A No, sir.

23 Q Did somebody come to you who had been in the
24 gambling business?

25 A Yes, sir.

ep:mg 7

Goberman-direct

14

1
2 Q Who was that?

3 A A chap by the name of Ferrara or Ferrari.

4 Q Frank Ferrara?

5 A Frankie Ferrara, yes, sir.

6 Q What was his background?

7 A His background, as he gave it to me, was that he
8 had many years of experience in setting up casinos, the
9 furnishing of the equipment, operating casinos and oper-
10 ating junkets, gambling junkets.

11 THE COURT: When did he come to see you, sir?

12 THE WITNESS: I met him, I believe, in New York.
13 I received a phone call from him asking for an appointment
14 and he was sent to me by the, so he claimed, by the senator
15 of the Island of St. Maarten, who recommended Mr. Ferrara
16 knowing that I needed help in completing the building por-
17 tion of the building that contained the casino and obtain-
18 ing the gambling equipment, which I knew nothing about.

19 Q Did he give you help in those respects?

20 A Yes. I would say he was very helpful. He had
21 the necessary knowledge and connections.

22 Q Did there come a time when you met a man named
23 Milton Parness?

24 A Yes, sir.

25 Q Who introduced you?

1 eo:mg 8

Goberman-direct

2 A I beg your pardon?

3 Q Who introduced you?

4 A Mr. Ferrara.

5 Q Where did that take place and approximately when,
6 if you can remember?

7 A I don't remember the exact time because I was
8 very busy at that time traveling back and forth. I met
9 Mr. Parness for the first time in an airport where a junket
10 was being assembled.

11 Q Where a --

12 A A junket, a gambling junket was being assembled.

13 THE COURT: I understood you to say that Mr.
14 Ferrara introduced you to Mr. Parness.

15 Was that at an airport?

16 THE WITNESS: Yes, sir.

17 THE COURT: That was at an airport. All right.

18 A At which time a junket was being assembled to board
19 the chartered airplane to go to St. Maarten.

20 Q Who was assembling the junket?

21 A Mr. Parness.

22 Q Did you have a conversation with him at that time?

23 A Just a few words because he was very busy as-
24 sembling the junket.

25 Q Perhaps the ladies and gentlemen in the jury box

1 eo:mg 9

Goberman-direct

2 would like to know what a gambling junket is, Mr. Goberman.

3 Can you describe one and how it works?

4 A I will try. First of all, there are operators
5 who gather a group of people together for the purpose of
6 going to a hotel to gamble. They are called in the trade
7 junketeers.

8 They send announcements to people whom they con-
9 sider will be interested in gambling, advising them that
10 they are a junketeer and that they are asking them to come
11 along on a charter flight to a given hotel at which time
12 they are supposed to gamble.

13 They are also allowed to bring their wives and/or
14 friends along at the same time.

15 Now, when a person decides to join a group, a junket
16 group, he is promised certain things by the junketeer.

17 Q This is the custom of the trade, if I can inter-
18 rupt you, Mr. Goberman?

19 A Yes, sir. One is that there will be no charge for
20 the flight.

21 Secondly, there will be no charge for the three
22 or four days or nights that are spent in the hotel.

23 This is predicated on the assumption that that
24 particular person is going to gamble and with the hope that
25 he, of course, is going to lose his money. Some win and

1 eo:mg 10

Goberman-direct

17

2 some lose.

3 That is basically how a junket is gotten together.

4 When the junket leaves- there is another phase
5 of it -- people, sometimes they ask for credit. This is
6 quite a complicated thing. In many cases the junketeer
7 will guarantee this credit or he will say to the hotel or
8 casino operator, "This man is good for \$5,000, give it
9 to him."

10 Q Let me interrupt you for a second, Mr. Goberman,
11 just to clear that up.

12 When you say a person on a junket is given credit,
13 does that mean that he is allowed to gamble on credit at the
14 casino?

15 A Yes, sir, I am referring to that, yes, sir.

16 Q Is that a common practice in your experience?

17 A I accepted it as such because my background did
18 not cover any previous junkets. I only know what I have
19 learned from my own experience.

20 Q In any event, at the St. Maarten Isle Hotel,
21 gambling on credit was common, was it?

22 A Most people had a credit accommodation of some sort
23 plus the fact that they were required in many cases to
24 put up what is known as front money.

25 Q What is that?

1 eo:mg 11

Goberman-direct

2 A Well, I believe this is money that the customer
3 has actually put up before he enters the casino to gamble.
4 Let us assume it is \$500 or \$1,000 for which he is then
5 given chips for that amount and with these chips he is
6 supposed to gamble.

7 Q Now, when does a customer typically put up this
8 front money, \$500 or \$1000, as you have described?

9 A I think most of it was put up with the junketeer
10 in New York or Philadelphia, wherever the junket came from,
11 and in some cases the customer would put the money up when
12 he arrives at the hotel or casino.

13 Q But in most cases front money was put up with
14 the junketeer?

15 A If I remember correctly, yes, sir.

16 MR. MCGUIRE: Thank you.

17 THE COURT: How does the junketeer know that the
18 customer is sufficiently affluent to make it worthwhile
19 to pay his air trip and his hotel expenses?

20 I imagine some of the ladies and gentlemen or my-
21 self being approached by a junketeer, we might not really
22 be worth all that expense.

23 How do they select these customers, do you know?

24 THE WITNESS: That is a very good question, sir.

25 THE COURT: Do you know the answer?

1 eo:mg 12

Goberman-direct

2 THE WITNESS: From what I have seen, I might be
3 able to answer it partially.

4 The junketeer should know whether the people
5 gamble or not because he has had prior experience, that is
6 his business.

7 THE COURT: The ladies and gentlemen and myself
8 might really like to gamble very much, but we might not
9 have the resources to justify everybody paying our ex-
10 penses to St. Maarten and a free hotel room.

11 How do they decide that?

12 THE WITNESS: That is quite simple. Assuming
13 that a number of the people who were invited along are,
14 I think they term them as "stiffs" is the proper word, de-
15 cide not to gamble, but to get a free vacation, the oper-
16 ators of the casino, the manager and assistant manager on
17 the floor, he keeps track of everything that is going on
18 and after the first night he well knows whether that person
19 is gambling or not or whether they are just there for a free
20 vacation and then if they don't gamble, then the operator
21 of the casino will then go to the junketeer and say, "Now
22 look here, we are not going to let this person have a free
23 ride. You might as well make your mind up now unless he
24 changes and begins to gamble the next night, we are going
25 to charge him for the air fare and for the food and all the

1 eo:mg 13

Goberman-direct

2 liquor he is drinking and so forth and for his wife's
3 accommodations."

4 THE COURT: That takes the fun out of it for us.

5 All right. Go ahead.

6 Q Mr. Goberman, were gambling junkets a substan-
7 tial part of the operation of your St. Maarten Isle Hotel
8 Corporation?

9 A It turned out that it was, although that was not
10 the main reason why I built the hotel.

11 Q You had not planned it that way to begin with?

12 A No, sir. I planned to build the hotel and to lease
13 the casino out to people who knew how to operate it because
14 I certainly did not know how to operate a casino. As a
15 matter of fact, I have only been in a casino once in my
16 life and that was in 1958 when I was driving across country
17 and I stopped in Las Vegas just to see what it was like and
18 stayed there a few days.

19 That was my total experience with casinos.

20 Q Over the course of the first six months of 1970,
21 let's say, if you can remember, how much of the business
22 of your hotel resulted from gambling junkets?

23 A You mean profits? When you say business -- well,
24 let me answer it this way --

25 Q Answer it the best way you can.

1 eo:mg 14

Goberman-direct

2 A We opened the early part of January. Here was
3 a new hotel in the Caribbean on a new island that has not
4 been found yet, as they say, by the masses. There were
5 a number of very nice write-ups, free write-ups, in the New
6 York papers. Most of your trade comes from the New York
7 and New Jersey Metropolitan area.

8 The first two months I was kept very busy working
9 in the hotel, although I am not a hotel man, on regular
10 customers. We did well the first two months.

11 The few junkets that I had or Frankie brought in
12 at that time were really supplemental income. It was not
13 the major income, but after the end of February when the
14 tourist trade fell off, then I recognized that without
15 continuous junkets and a continuation of a cash flow through
16 the junkets that the hotel could not exist.

17 Q You couldn't operate at all without the junkets?

18 A You could not operate successfully because tourists,
19 the average tourist would not come down after Easter, May,
20 June, July, you might as well forget it for six or seven
21 months. You might have 15 or 20 per cent occupancy because
22 when the weather is nice in the states, people don't have
23 to fly to the Caribbean for nice weather, we have it right
24 here in the states.

25 Q How long after the hotel opened, Mr. Goberman, did

1 eo:mg 15 Goberman-direct

2 you first meet the defendant Milton Parness?

3 A Once again--

4 Q Am I correct in saying that it was after the hotel
5 opened?

6 A Yes. Yes, it was either late summer or early fall
7 the first year.

8 Q That was when you met him at the airport?

9 A Yes, sir.

10 Q Did you continue thereafter to have meetings with
11 Mr. Parness?

12 A I don't know what you mean by meetings, sir.

13 Q Did you see him?

14 A Occasionally, yes, sir, because Mr. Ferrara was
15 still employed by me at that time.

16 Q Did there come a time when Mr. Parness essentially
17 replaced Mr. Ferrara and took over his functions?

18 A Yes, sir.

19 Q Tell us how that came about.

20 A Well, I received information from the Government
21 of the Netherlands Antilles -

22 MR. COHN: Your Honor--

23 THE COURT: I don't think we want to get into
24 the information.

25 Q Does this information relate to Mr. Ferrara?

1 eo:mg 16

Goberman-direct

2 A Yes, sir, the reason why I had to make a change.

3 Q Not to Mr. Parness?

4 A No, no.

5 THE COURT: Never mind, you received some infor-
6 mation.

7 What did you do then?

8 THE WITNESS: The information was that--

9 THE COURT: Let's forget the information.

10 What did you do?

11 THE WITNESS: I had to-- I don't want to use the
12 word "fire" --

13 THE COURT: You did--

14 THE WITNESS: I had to fire Mr. Ferrara.

15 THE COURT: You fired Mr. Ferrara?

16 THE WITNESS: Yes, sir.

17 THE COURT: When was this?

18 THE WITNESS: Early in the fall of 1970, I believe.

19 THE COURT: Early fall. All right.

20 Q Did you engage Mr. Milton Parness to replace Mr.
21 Ferrara at that time?

22 A He took Mr. Ferrara's place, yes, sir.

23 Q Can you describe the conversations between you
24 and Mr. Parness, if there were any, that led up to your
25 offering him this job?

1 eo:mg 17

Goberman-direct

2 A Well, I can't say I offered him a job. I offered
3 him the exclusive operation of the junkets. I needed some-
4 one who knew how to operate junkets and casinos and he
5 said he would do that.

6 Q Did he approach you for the job?

7 A I don't remember. It was a mutual thing, I would
8 say.

9 Q How did it come to pass, Mr. Goberman, that you
10 employed Mr. Parness for this function rather than somebody
11 else?

12 A Well, because Mr. Parness had been sending junkets
13 down through Mr. Ferrara. I had experience with meeting his
14 people and his junkets.

15 Q Had the junkets been successful so far as the
16 hotel was concerned?

17 A I would say yes, sir.

18 Q Did you know anybody else who could serve to oper-
19 ate the entire junket and casino business?

20 A No, sir.

21 MR. COHN: Your Honor, I object. What difference
22 does it make if he knew someone?

23 THE COURT: I think he said he didn't know someone
24 else, that's all right.

25 Q Is there anything that exists that can place in

1 eo:mg 18

Goberman-direct

2 your mind the exact time that you took on Parness to do
3 this job?

4 A I cannot give you the exact time. It was some time
5 late in the summer or early fall of 1970. I cannot pin-
6 point the exact time.

7 Q Did you ever come to know of the existence of an
8 organization named Olympic Sports Club?

9 A Yes, sir.

10 Q When did you first hear about Olympic Sports Club?

11 A I saw the name appear on the work sheets of the
12 junkets as they arrived. The first name that I recall was--
13 let me say that every junket has to have a designated name
14 and I noticed the name Ed Feldman-- Olympic Sports Club.

15 Q Was there indeed an Ed Feldman?

16 A Yes. I knew an Ed Feldman. He used to bring the
17 junkets down for Olympic Sports Club.

18 Q Did you come to hear of Olympic Sports Club any
19 further?

20 A Yes, Olympic Sports Club then eventually was re-
21 sponsible for the entire junket operation after a time.

22 THE COURT: All right, I think we will take our
23 lunch recess now and recess until a quarter past two, 2:15.

24 Please be very prompt, ladies and gentlemen.
25 Please remember my admonition. Please do not discuss this

1 eo:mg 18a

Goberman-direct

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2 case with anyone in the meantime.

3 Be back at 2:15.

4 (Jury left the courtroom.)

5 Luncheon recess.)

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1 jqbr 2 Goberman-direct

2 (Jury present.)

3 A L L A N G O B E R M A N , resumed.

4 THE COURT: Good afternoon, ladies and gentlemen.

5 Mr. Edelstein has handed me a note "I don't know
6 if this is relevant to the testimony but how does a
7 junketeer get paid?"

8 Do you know how a junketeer gets paid?

9 THE WITNESS: Yes, sir.

10 THE COURT: How?

11 THE WITNESS: He gets paid at the end of the junket
12 when all the settlements are made when the people who have
13 lost or owe money to the casino and when they return to be
14 states they settle up with the junketeer and if he has a sum
15 of money to be delivered to the casino or his representative
16 he then gets whatever deal is made which basically is 10
17 per cent of the winnings of the casino less the cost of
18 the plane which would come off that. That is how he gets
19 paid.

20 THE COURT: Thank you very much.

21 You may proceed.

22 DIRECT EXAMINATION CONTINUED

23 BY MR. MC GUIRE:

24 Q To pursue the same subject just one more time,
25 Mr. Goberman, does a junketeer, in your experience,

1 jqbr 3 Goberman-direct

2 ever get paid a flat rate? That is so much per head for
3 people who go on junkets?

4 A Now that you brought that per head up, I believe
5 in most cases they would get a percentage plus I think \$50
6 for each person.

7 That would be a part of their fee.

8 Q In any event, were you intimately familiar with
9 the details of the junketeering business?

10 A Not until I became acquainted with it at the
11 hotel, never before.

12 Q Did you ever at any time become a junketeer
13 yourself or operate junkets or anything of the sort?

14 A No, sir.

15 Q Before we broke for lunch, you were telling the
16 jury about some sources of your financing for the hotel
17 and I am not sure we completed that subject. Without going
18 into great detail about the amounts, how much money was
19 borrowed for the construction of the hotel in total in round
20 figures?

21 A You mean the money that I borrowed personally
22 plus the mortgages? The total amount of money that went
23 into the hotel?

24 Q Yes, sir.

25 A I would say around \$5 million.

1 jqbr 4

Goberman-direct

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2 Q Of that \$5 million, I think you told us that a million
3 and a half was a first mortgage loan by the Antillian
4 Government?

5 A Yes, sir.

6 MR. COHN: Might Mr. Mc Guire ask the witness to
7 tell us what the 5 million is comprised of rather than leading
8 him?

9 Q What was the remainder of the \$5 million made
10 up of?

11 A The first mortgage was a million and a half.
12 Then through some hard work, I received a mortgage from the
13 Bank of Nova Scotia who was interested in opening a branch
14 in St. Maarten.

15 Q Was that a second mortgage?

16 A Yes, that was a second mortgage of a million and
17 a half dollars.

18 Q Yes, sir.

19 A The other funds were funds that I borrowed or put
20 into it myself.

21 Q Did you borrow --

22 THE COURT: These were personal borrowings and
23 money you put in yourself?

24 THE WITNESS: Personal or corporate borrowings that
25 I guaranteed personally.

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Goberman-direct

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Q What were the sources of those borrowings, what banks or other institutions or individuals?

A The major bank was the American Bank & Trust Company of Pennsylvania, Reading, Pennsylvania.

The next would be the Fulton National Bank of Lancaster, Pennsylvania and the Conestoga National Bank of Lancaster, Pennsylvania.

Q Did you borrow any money from individuals?

A Yes, sir. I borrowed \$150,000 from a Mr. Holzer in New York.

Q Was that prior to the completion of the construction of the hotel?

A No, sir, right after.

Q Did you borrow anything else from individuals prior to the opening of the hotel?

A Yes, \$100,000 from a gentleman in Boston.

Q What was his name?

A Doc.

Q What was his last name?

A I was introduced to him by Mr. Ferari, either Sage or Seganski was his last name but I knew him as Doc.

Q When did you borrow that money?

A To the best of my recollection I think it was prior to the opening of the hotel, I am not quite sure.

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Goberman-direct

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It was around that time.

Q Around the time of the opening of the hotel?

A I don't have records covering that.

Q When you opened the hotel did you have sufficient working capital to operate it comfortably?

A I had planned on sufficient working capital but one of the banks went back on their verbal agreement with me and I found myself short of \$750,000 that I anticipated.

Q Were you ever able to raise that \$750,000?

A Yes, I raised it but I had to give it to the bank as a guarantee for a letter of credit that they had extended to the Bank of Nova Scotia so I was really short that amount of money. I figured on using it in my operation.

Q How would you describe the financial operation during the first six or eight months of its existence? Do you understand the question?

A I believe so, yes, sir.

I think at the beginning the hotel through my manager and assistant manager was run efficiently as a resort hotel should be run.

Q Did it make a profit?

A Yes, it made a profit the first two months. They were the first 2-1/2 or 3 winter months. It made a nice profit.

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Goberman-direct

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Q Thereafter what happened?

A Thereafter your regular trade fell off and it became necessary then in my mind to push or have the junkets pushed.

Q And Mr. Ferrara took care of that, did he?

A Yes, sir.

Q Did the hotel during this period have any difficulty in paying its bills? I am talking about the period after the initial two months.

A Yes, there was some difficulty there at times.

Q Do you remember the month of June 1970?

A Relative to inability to pay bills?

Q First let us see if you remember anything that happened during the month of June 1970 with respect to you personally.

A Yes, I believe I was indicted then on a tax situation by the United States Government.

Q You were indicted?

A Yes, sir.

Q For a federal crime?

A Well, they told me it was a federal crime for issuing, as the government said, what is the word I want to use, a false financial statement in order to secure financing through a federal savings and loan.

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Goberman-direct

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Q After that indictment or before that indictment were you attempting to raise money for the hotel?

A Yes, I was. I was attempting to receive a permanent mortgage of \$6 million.

Q What would the effect of that permanent mortgage have been so far as you personally were concerned?

A It would have put me in a position to repay all the loans that I made personally. It would allow me to pay all the mortgages, the first and second mortgage that were on the property and possibly given me an additional \$700,000 in working capital and put me in very good shape, I would say.

Q Were you successful in obtaining that permanent mortgage?

A I was successful to the point where I had received a letter of intent and commitment.

Q Did it ever come through?

A No, sir, it did not come through.

Q What happened?

A Quite simply when I was indicted by the United States Government it naturally followed that -- what shall I say -- the firm with whom I was doing business with decided it's not best to put the mortgage on the building not knowing the result of the government's indictment which I felt was

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Goberman-direct

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a fair enough assumption for them to work on.

Q Thereafter did you continue to try and raise money for the hotel?

A Yes, indeed.

Q Were you successful?

A Hardly, no, I wasn't.

Q Whom did you deal with in attempting to raise money for the hotel after you were indicted by the United States Government?

A I dealt with numerous finders, people who somehow ferret out those who are looking for money and who are supposed to steer you into the sources of money, really there are too many of them to mention. I don't remember half their names.

Q Did any of them pan out, Mr. Goberman?

A No, sir, they would receive expenses from me of from 2 to \$10,000 supposedly to go to Europe or go to London or go to Nevada where they had connections but these were just falsehoods on their part. They just wanted the expense money and they had no obligation to give me the mortgage. They were quacks.

Q Anyhow, they didn't give you the money?

A No, sir.

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Goberman-direct

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2 Q Mr. Goberman, you have told us that you put some
3 personal borrowings of yours into the construction of the
4 hotel?

5 A Yes, sir.

6 Q Did the hotel corporation give you any evidence
7 of indebtedness for this money?

8 A Yes, sir. I received a demand note of three and
9 a half million dollars.

10 Q From the hotel corporation?

11 A From the hotel corporation.

12 Q I would like to show you, sir, what has been
13 marked as Government's Exhibit 3 for identification.

14 Would you look at that, please?

15 A Yes, sir. Yes, sir, this is a copy of the note
16 that I received.

17 Q Do you know where the original is?

18 A No, I don't. I have tried to locate it. I believe
19 it was kept in the office of the corporate director, who
20 signed the note, who was my attorney in the Antilles, a
21 gentleman by the name of Juan Wix.

22 Q Have you attempted to search for the original of
23 this note?

24 A Yes, sir.

25 Q Have you been successful in finding it?

1 eo:mg 2

Goberman-direct

2 A No, sir.

3 MR. McGUIRE: We offer Exhibit 3 in evidence.

4 By the way, your Honor, just so the proceedings
5 may be speeded up, I am furnishing copies of all of the
6 exhibits that have been marked for identification to the
7 defense.

8 MR. COHN: May I ask a few questions on the voir
9 dire, your Honor?

10 THE COURT: Yes.

11 VOIR DIRE EXAMINATION

12 BY MR. COHN:

13 Q Who did you say Mr. Wix was, who signed this note?

14 A Mr. Wix held two positions at that time. He was
15 an attorney in the Netherlands Antilles and also the man-
16 aging director of St. Maarten Isle Hotel Corporation at
17 that time.

18 Q Did he sign-- is it your testimony that he signed
19 this exhibit that has been offered in his capacity-- it says
20 Juan B. Wix, Director?

21 A Yes, sir.

22 Q He was signing this in his capacity as director
23 of St. Maarten Isle Hotel Corporation?

24 A That is correct, sir.

25 Q Of which you were a stockholder?

1 eo:mg 3

Goberman-direct

2 A That is correct.

3 Q And there were other stockholders?

4 A There were other stockholders, yes, sir.

5 There were minority stockholders that held about
6 9 or 10%.

7 Q When do you say-- this note bears the date July
8 15, 1968.

9 Is it your testimony that that was the date on
10 which this was signed?

11 A That was the date that he gave me the note and
12 signed it.

13 Q You say you have been unable to locate the ori-
14 ginal?

15 A That is correct, sir.

16 Q I just want to ask you this: Is this note which
17 is being offered now, is this based on some other document?
18 In other words, so I can understand it and know what to do
19 about this offer here, was this note based on an agreement?

20 This is a note to you of three and a half million
21 dollars, which Mr. Wix signed as Director of the company,
22 as I understand it.

23 A Yes, sir.

24 Q How was this arrived at? Was there another docu-
25 ment or another writing which might help us here based upon

1 eo:mg 4

Goberman-direct

2 which this was predicated, like a contract, which said
3 they owed you three and a half million dollars and that
4 this note evidenced that?

5 A I don't quite understand what you mean.

6 THE COURT: I think what he wants to know is,
7 how was the three and a half million dollars arrived at
8 in the note? What was the basis of this being a note for
9 three and a half million dollars?

10 THE WITNESS: Because at that time I was respon-
11 sible personally for that amount of money in the construc-
12 tion of the hotel.

13 THE COURT: This is what you owed in connection
14 with the construction, you owed three and a half million
15 dollars and you asked the hotel corporation to give you a
16 note for that amount?

17 A I needed some evidence there, yes, sir.

18 BY MR. COHN:

19 Q It is not based on any other document?

20 A There might have been. I cannot answer that.

21 Q Did you have a contract, for example?

22 A There were contracts and Mr. Wix, as director,
23 you see, under the Antillean law, the director kept all the
24 contracts, as you would know, and he kept those in his office
25 in Aruba.

1 eo:mg 5

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2 Q Who gave him this three and a half million dollar
3 figure that is on this piece of paper?

4 A I think he gave that to himself by going over the
5 figures and corporate documents.

6 MR. COHN: Your Honor, I think I have enough on
7 voir dire. I do not object to this.

8 THE COURT: It will be received.

9 (Government's Exhibit 3 received in evidence.)

10 MR. McGUIRE: May I briefly, your Honor, read
11 this to the jury? It is not very long.

12 (Mr. McGuire read Government's Exhibit 3 in evi-
13 dence to the jury.)

14 BY MR. McGUIRE:

15 Q You spoke, Mr. Goberman, of obtaining a loan of
16 \$150,000 from Leonard Holzer.

17 I am going to redirect your attention to Mr.
18 Leonard Holzer now.

19 When and under what circumstances, briefly, did
20 you meet Mr. Leonard Holzer for the first time?

21 A I was introduced to Mr. Holzer by, I think it was
22 Mr. Ferrara introduced me to him in his office here in
23 New York. I forget the address. It was the old-- I do
24 remember, the building that was formerly the General Motors
25 Building in New York, in Manhattan. That is how I met Mr.

1 eo:mg 6 Goberman-direct 40

2 Holzer. The exact day or date I don't remember, but --

3 Q Was it after the hotel had opened?

4 A Oh, yes.

5 Q Was it after your indictment in June of 1970?

6 A No, it was prior to that.

7 Q You have spoken of attempts to raise money for
8 the hotel, mortgages and the like; was that the connection
9 in which you met Mr. Holzer?

10 A Mr. Holzer was presented to me as an international
11 banker who is interested in investing in the Caribbean,
12 not only as a mortgage holder against my hotel, but I was
13 told that he had placed a \$250,000 option payment on a
14 small British Island not too far from St. Maarten where
15 he was going to build a large complex.

16 THE COURT: When you say you were told, was that
17 Mr. Ferrara?

18 THE WITNESS: Mr. Ferrara and also Mr. Holzer's,
19 shall I say, right-hand man, a Mr. Macchia.

20 As Mr. Macchia told me, the reason for Mr. Holzer's
21 interest in placing a second mortgage was that he wanted
22 to use my building experience and abilities to assist him
23 in building his resort on this English-held island plus
24 the fact that there was another unfinished hotel on the
25 island.

1 eo:mg 7

Goberman-direct

2 MR. COHN: Excuse me, your Honor, isn't this
3 getting a little far afield?

4 THE COURT: Yes, I think so.

5 Anyway, you thought he was interested in your
6 business. Let's let it go at that. We don't need the de-
7 tails.

8 Q Were your negotiations with Mr. Holzer any differ-
9 ent from your negotiations with the other people?

10 MR. MCGUIRE: I will withdraw that question. It is
11 badly framed.

12 Q Did your negotiations with Mr. Holzer bear any
13 fruit?

14 A Yes.

15 Q I would like to show you what has been marked
16 as Government's Exhibit 14 for identification, Mr. Goberman.

17 A Yes. I recognize this.

18 Q Is that a document that you received from Mr.
19 Holzer?

20 A Yes.

21 Q Can you identify it, please, for the ladies and
22 gentlemen of the jury, without describing its contents
23 fully?

24 A Yes, this is what I would call a letter of intent
25 that Mr. Holzer here tells me that "I believe I could arrange

1 e:mg 8

Goberman-direct

2 a \$3,800,000 mortgage subject to the following conditions
3 and so forth."

4 Q When, approximately, did you receive that from Mr.
5 Holzer?

6 A On August 25, 1970, as this document is dated.

7 THE COURT: Did he mail it to you or did he give
8 it to you or what?

9 THE WITNESS: I am not sure, sir. I believe I
10 received it in the mail.

11 THE COURT: All right.

12 Q The document that I showed you, Government's
13 Exhibit 14, is a copy, Mr. Goberman.

14 Do you know where the original is at this time?

15 A I think it is in my files that I had in St. Maarten.

16 Q Do you have access to those files now?

17 A No, sir.

18 MR. MCGUIRE: We offer Exhibit 14.

19 MR. COHN: No objection, your Honor.

20 THE COURT: It will be received.

21 (Government's Exhibit 14 received in evidence.)

22 MR. MCGUIRE: I won't bother reading this whole
23 thing to the jury, your Honor.

24 Q Mr. Goberman, you described this as a letter of
25 intent to give you a mortgage?

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2 A Yes, sir.

3 Q Did Mr. Holzer ever give you the mortgage that
4 was referred to in that letter, Exhibit 14?

5 A No, sir.

6 Q Did he give you any money?

7 A Yes, sir.

8 Q Was that a mortgage loan secured by the hotel or
9 was it a personal loan?

10 MR. COHN: Objection.

11 THE COURT: I sustain the objection to that.

12 Ask the witness which it was.

13 You say you did get the money from him?

14 THE WITNESS: Yes.

15 THE COURT: How much did you get?

16 THE WITNESS: \$150,000.

17 THE COURT: What was the arrangement?

18 THE WITNESS: The arrangement was that this \$150,000
19 was going to be in the term of a loan, a short term loan,
20 to show his intent and sincerity in doing business with me.

21 Q I would like to show you what has been marked
22 as Government's Exhibit 19, 20 and 21, Mr. Goberman.

23 A Yes, sir.

24 Q Can you identify those? First Exhibit 19.

25 A That is a check, dated October 6, 1970, made out

1 eo:mg 10 Goberman-direct

2 to myself on a bank in New York for \$150,000.

3 Q Now Exhibit 20, please.

4 A This is a loan agreement, dated October 6, 1970,
5 between Mr. Holzer and myself, which spells out the terms
6 of the loan.

7 Q Now, you will notice that on that Exhibit 20 there
8 is some handwritten material in red.

9 Was that on there when you signed it?

10 A You mean the lines that were marked out or do you
11 mean these initials?

12 I'm sorry. I am not sure.

13 Q There is some handwritten material throughout that
14 document, Mr. Goberman.

15 A I will look at it.

16 Q Would you take a look and tell us whether all of
17 that was on there when you signed it?

18 A This is an original, is it not? This is not a
19 copy.

20 I don't have my copy, but I don't recognize some
21 of the handwritten-- some of these things, I don't recog-
22 nize at all.

23 Q Referring to some pencilled notations?

24 A Yes, sir.

25 Q On page 3.

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2 MR. MCGUIRE: The Government does not offer
3 those pencilled notations.

4 THE WITNESS: Basically that is the loan agreement.

5 BY MR. MCGUIRE:

6 Q With the exception of the pencilled notations
7 on page 3, is this the original document that you signed?

8 A I would say so, yes, sir.

9 Q The pencilled notations were put on in some way
10 that you don't know about?

11 A I don't recall them. They are not of great sig-
12 nificance, but I don't recall them.

13 MR. COHN: Your Honor, if Mr. McGuire wants to
14 offer a clean copy without something that somebody wrote
15 on it, there is no objection at all.

16 THE COURT: Thank you very much.

17 MR. MCGUIRE: I was going to suggest that we
18 simply erase the pencilled notations.

19 THE COURT: He won't object to that either.

20 Mr. COHN: Whatever will save time so we can get
21 on.

22 THE COURT: All right.

23 Q Would you tell us about Exhibit 21, Mr. Goberman?

24 A This is, apparently it is the original, of the
25 note itself, the promissory note between myself and

1 so:mg 12

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2 Mr. Holzer where I promised to pay to Mr. Holzer the sum
3 of \$150,000 with interest at the rate of 7-1/2% per
4 annum.

5 Q Did you put up any security for that loan?

6 A Oh, yes, yes.

7 Q What did you put up?

8 A I signed a note personally, which was my personal
9 guarantee, and I put up my 226,500 shares of stock, which
10 I owned, in the hotel corporation for the security.

11 MR. McGUIRE: We offer the three documents just
12 described, Exhibits 19, 20 and 21.

13 MR. COHN: I guess this is 21. No objection,
14 your Honor.

15 THE COURT: All right.

16 (Government's Exhibit 21 received in evidence.)

17 MR. COHN: 19, which is the check, no objection,
18 your Honor.

19 THE COURT: Received.

20 (Government's Exhibit 19 received in evidence.)

21 MR. COHN: 20, no objection, your Honor.

22 (Government's Exhibit 20 received in evidence.)

23 Q Mr. Goberman, did you actually give Leonard Holzer
24 stock certificates evidencing your 226,500 shares of stock
25 in the hotel corporation?

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Goberman-direct

2 A No, sir.

3 Q What did you do to give him evidence that he
4 really had that stock pledged as security?

5 A Mr. Wix produced the stock records of the corpora-
6 tion, which was proof of my ownership of the stock and
7 I believe under the Antillean laws he was allowed to--

8 THE COURT: Don't tell us about the law. Tell us
9 what he did.

10 Q Did Mr. Holzer accept that?

11 A Yes, sir, with a notation by Mr. Wix -that he
12 guarantees that the stock belonged to me.

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Goberman-direct

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Q What did you do with the \$150,000 when you received it?

A It went into the general operation, I believe, of the hotel at that time.

Government's Exhibit 19 which is the check has a signature on the back of it deposited to the credit of Allan Goberman in the Bank of Nova Scotia, St. Maarten, Netherlands Antilles. Did this check get deposited in your own personal account?

A I believe so.

Q What happened to the balance in that personal account after the deposit of this check?

A Subsequently the money was withdraw from that account and I loaned it to the Hotel Corporation.

Q I show you Exhibits 22 and 23 for identification. Can you tell us what those are?

A This appears to be a bank statement from the Bank of Nova Scotia.

Q Is that your bank statement?

A Yes, sir. Made out in my name. It shows a deposit of \$150,000 and --

Q Referring now to Exhibit 22, for the record?

A Yes, sir.

Q And as to Exhibit 23, what is that?

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1 jqbr 2 Goberman-direct

2 A This seems to be a copy of a deposit slip for
3 \$150,000. This must be the deposit slip. These are
4 checks on the Bank of Nova Scotia -- this shows a transfer
5 of certain sums from my personal account into the general
6 account of the same Hotel Corporation.

7 Q The documents in Exhibit 23 show the transfer of
8 money from your personal account to the Hotel Corporation's
9 account?

10 A Yes, sir. They are so marked there.

11 MR. MC GUIRE: We offer Exhibits 22 and 23.

12 MR. COHN: I have no objection to Exhibit 22 which
13 is an original. I would like to have the original of the
14 checks which would show -- well, I would like to have the
15 original of the documents in 23.

16 MR. MC GUIRE: We will have to approach the
17 bench, your Honor.

18 THE COURT: Okay.

19 (At the side bar:)

20 THE COURT: Where do these come from, the bank's
21 records?

22 MR. MC GUIRE: Yes, sir.

23 MR. COHN: I imagine the cancelled checks go back
24 to him.

25 MR. MC GUIRE: He doesn't have them.

1 jqbr Goberman-direct

2 MR. COHN: You write a check and if something
3 happens to it it comes back to you at the end of the month.

4 MR. MC GUIRE: We can explore that with the witness
5 if you like, your Honor. That is evidently not the practice
6 in many European banks including this particular account.

7 THE COURT: Why don't you ask him about the
8 cancelled checks. You are able to do that.

9 (In open court:)

10 VOIR DIRE EXAMINATION

11 BY MR. COHN:

12 Q Where are the originals of these checks?

13 A I haven't the slightest idea.

14 THE COURT: Is the procedure down in this particular
15 bank down there that you get back the checks?

16 THE WITNESS: They don't return any checks to the
17 customer.

18 THE COURT: In other words, down there it is dif-
19 ferent fro our practice?

20 THE WITNESS: European style, yes, sir.

21 THE COURT: But you never got them back?

22 THE WITNESS: No.

23 THE COURT: But you can identify these as the checks
24 you actually signed?

25 THE WITNESS: Yes, sir, I recognize my signature on

1 jqbr 4 Goberman-direct

2 the checks.

3 Q There is nothing on any of these documents that
4 show the use of these forms, is there?

5 MR. MC GUIRE: I object to that.

6 THE COURT: You can take that up on cross.

7 I think I will receive them on the basis of that
8 explanation.

9 (Government's Exhibits 22 and 23 were received
10 in evidence.)

11 MR. MC GUIRE: If I may briefly, your Honor.

12 Exhibit 23 is a collection of papers, ladies
13 and gentlemen, the first one on top shows that there is a
14 deposit slip showing a deposit of a check in the amount of
15 \$150,000 in the Bank of Nova Scotia on October 12, 1970.
16 The second document is a check No. 5778 drawn on
17 October 15, 1970 from that account at the Bank of Nova
18 Scotia to general account, St. MIH.

19 Does that mean St. Maarten Isle Hotel?

20 THE WITNESS: Yes, sir.

21 MR. MC GUIRE: It is in the amount of \$150,000.

22 The next document in the pile is dated
23 November 17, 1970. It is a check No. 5544 drawn on that
24 bank account to St. Maarten Isle Hotel in the amount of
25 \$40,000. The two checks are signed Allan M. Goberman.

1 jqbr 5 Goberman-direct

2 You have looked at them, Mr. Goberman, is that your signa-
3 ture?

4 THE WITNESS: Yes, sir, that is.

5 MR. MC GUIRE: The next two documents in the
6 exhibit are memoranda on the Bank of Nova Scotia stationery
7 addressed to Mr. Allan Goberman, St. Maarten Isle Hotel
8 Corporation. The first one dated December 1, 1971 says
9 "U.S. \$25,000 transferred to St. Maarten Isle Hotel,
10 operations account as per your instructions."

11 Mr. Goberman, did you give those instructions
12 to transfer that amount to the hotel account at that
13 time?

14 THE WITNESS: Yes, sir.

15 MR. MC GUIRE: Finally, the last piece of paper in
16 this collection of documents is another similar form from
17 the Bank of Nova Scotia addressed to Allan Goberman. It
18 refers to the amount of \$20,000 and it says "Transferred
19 to St. Maarten Isle Hotel, operations account."

20 Did you give the instructions for that transfer,
21 Mr. Goberman?

22 THE WITNESS: Yes, sir.

23 BY MR. MC GUIRE:

24 Q Have you added up the amounts of these four
25 checks and transfer memoranda, Mr. Goberman? Do you know

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1 what the total amount is?

2 A Did I add them up now?

3 Q Yes.

4 A No, I haven't.

5 MR. MC GUIRE: Can we agree the amount is
6 \$135,000?

7 MR. COHN: That is the way I added because I
8 wondered what happened to the other 15.

9 Q What happened to the other 15, Mr. Goberman?

10 A I don't remember. I don't have the records
11 here. I am sure the money was spent for the hotel.

12 Q Did you spend any of it for your own benefit?

13 A Not that I remember.

14 Q Might you have?

15 A It is possible. I might have spent a few dollars
16 out of that for my own benefit at that time.

17 Q Do you remember the month of November 1970,
18 Mr. Goberman? Specifically, November 9-10.

19 Do you remember what happened on those days?

20 A I am not sure unless that was the date that I
21 received the request from Mr. Holzer that he wanted repayment
22 of his note, I am not sure.

23 MR. COHN: I object to it unless, if Mr. Mc Guire
24 has something that will refresh his recollection, I don't
25 object to that.

1 jqbr 7 Goberman-direct

2 Q Do you remember appearing in court in Pennsylvania
3 during November of 1970 for a trial?

4 A Yes.

5 Q Was that a trial on the criminal charges for which you
6 had been indicted in June?

7 A Yes, sir.

8 Q What happened at the end of that trial?

9 A Nothing really. There was no decision handed down
10 by the judge. It was a trial before a judge and not
11 a jury.

12 I must ask you that date again.

13 Q November 1970.

14 A I remember that because it was a day before
15 the elections. There was no final decision as to the
16 outcome of the trial at that date. The judge reserved --

17 Q Was there ever a final decision?

18 A Yes, that was seven or eight, nine months later.
19 I forget.

20 Q What was the final decision of the judge?

21 A The judge found me guilty of issuing, as he termed
22 it, a false financial statement to a federal savings and
23 loan and therefore convicted me, they found me guilty.
24 They put me on probation. I think there was a \$5,000
25 fine attached to it and they put me on probation.

1 jqbr . Goberman-direct

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2 That was the result of the trial.

3 Q You say that happened some months after November
4 of 1970?

5 A Yes, sir. It was the following year.

6 Q I would like to show you Exhibit 24 for identifi-
7 cation, Mr. Goberman, and ask you whether that refreshes
8 your memory about any other events in November of 1970?

9 A Yes, at about the same time I received a certified
10 letter from Mr. Holzer, about the 20th of the same month,
11 demanding payment of the \$150,000 plus interest and telling me
12 here it will be due no later --

13 THE COURT: Don't tellus what is in it. It is
14 not in evidence.

15 You do remember receiving that letter?

16 THE WITNESS: Yes.

17 Q Is that Exhibit 24 a copy of that letter?

18 A Yes.

19 Q Do you know where the original is?

20 A To the best of my knowledge it is in my files
21 in St. Maarten.

22 Q You haven't been able to obtain it?

23 A No, sir.

24 Q I would also like to show you Exhibit 25 and ask
25 you if you recognize that?

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A Yes, sir.

Q Without describing its contents, tell us what it is, please.

A It is a letter from me to Mr. Holzer dated December 8, 1970.

Q Did you send the original of that letter?

A I beg your pardon?

Q Did you send the original of that letter?

A Yes.

MR. MC GUIRE: We offer these two documents, Exhibits 24 and 25.

MR. COHN: No objection to either one, your Honor.

(Government's Exhibits 24 and 25 were received in evidence.)

Q Exhibit 24 reads in part as follows: If Mr. Cohn wishes to read any of the remainder we of course have no objection.

MR. COHN: No, sir.

MR. MC GUIRE: "In accordance with our loan agreement dated October 6, 1970 demand is hereby made for payment by you of your \$150,000 note of that date. Payment of the \$150,000 plus interest at a rate of 7-1/2 per cent annum will be due no later than 30 days from the date of this

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Goberman-direct

2 letter."

3 Mr. Goberman's response, Exhibit 25 reads "I have your
4 letter of November 20, 1970 wherein you request payment
5 on December 20, 1970 of the \$150,000 note held by you.
6 Inasmuch as this is our holiday season I would appreciate it
7 very much if you extended the payment of this note to
8 January 20, 1971 at which time this will be repaid."

9 Did Mr. Holzer extend the period for repayment?

10 THE WITNESS: I am not sure. I believe he did.
11 I am not sure at this time.

12 Q Do you have any record which indicates at this
13 point whether he formally extended it or not?

14 A If he did he did it in an informal manner, in
15 the form of conversations in his office after my letter to
16 him.

17 Q Did there come a time, Mr. Goberman, when you were
18 pressed for repayment of that \$150,000?

19 A Yes, sir.

20 Q Do you remember when that occurred?

21 A I believe that was the latter part of January.

22 Q 1971?

23 A Yes, sir.

24 Q What happened then?

25 A I believe Mr. Holzer placed an advertisement in the

1 jqbr Goberman-direct 58
2 New York Times stating that he was going to put up for sale
3 to the highest bidder the 226,500 shares of stock that I had
4 given him as security, collateral security against the loan
5 and that was to be, I believe, on February 4, 1972. That
6 was the date of the sale.

7 Q You mean 1971?

8 A Or 1971, I am sorry.

9 Q Did you receive any further correspondence from
10 Mr. Holzer on this subject?

11 A Well, I believe at that time I was either on the way
12 to St. Maarten or going back and forward I believe a certified
13 letter reached my home at that time, received by a member
14 of the family, stating that he was going to sue for the money
15 or something like that, in the State of New York. I don't
16 remember the circumstances clearly but I knew that
17 I was being pushed for the money and I had to come up with
18 it.

19 Q Mr. Goberman, during the fall of 1970 were there
20 gambling junkets going into the St. Maarten Isle Hotel?

21 A Yes, sir.

22 Q How was business as compared with the business
23 that you told us about earlier?

24 A Very good, I would say.

25 Q Business was brisk?

1 jgbr Goberman-direct

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2 A Yes, sir.

3 Q How many junkets were there? Just give us a round
4 figure, if you can?

5 A There was a time there were two a week. As one
6 would leave in a plane another group would arrive on a plane
7 and the previous junket would leave on the same plane. Quite
8 a lot of activity at that time.

9 Q Was Mr. Parness involved in operating any of those
10 junkets, to your knowledge?

11 A Yes, sir, he was responsible for the deliverance
12 of the junkets.

13 Q Of all of them?

14 A Well, there were other junketeers but they had to
15 work through Mr. Parness.

16 Q At your instructions?

17 A It was generally agreed that is the way it was
18 going to be done.

19 Q Did you ever receive reports in any way from
20 any of the hotel employees or the casino employees as to how
21 these junkets were doing?

22 A Yes, sir.

23 Q Who did you receive them from?

24 A Some occasions I would receive them from John
25 Blandino, who used to be the assistant manager of the hotel

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subsequently became manager of the casino. And the young lady who typed the work sheets up in the casino.

Q Did you receive reports in writing?

A Yes, sir.

Q Did you receive oral reports as well?

A Yes, sir.

Q I show you what has been marked as Government Exhibit 167 for identification, Mr. Goberman. That has a number of pieces of paper in its file. Can you describe the file generally?

A You ahve to be patient, someone stole my reading glasses and I am trying to do the best I can. It is difficult for me to read without my reading glasses.

This is a normal work sheet --

MR.MC GUIRE: Let the record indicate that the witness is pulling a sheet of paper or two sheets of paper stapled together out of Exhibit 167.

This is marked Olympic Sport, Parness-Detroit, which means the Olympic Sport Club, Mr. Parness --

MR. COHN: There might be a way of doing this less laboriously, instead of having him reading this, if Mr. McGuire wants to offer something that were reports submitted to him and if he wants to identify the reports I will follow my usual pattern.

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THE COURT: I think that is a good idea.

What I will do is take a five-minute recess
and you can look at the reports. Is that agreeable with you?

MR. MC GUIRE: Certainly, your Honor.

THE COURT: All right, let us take a 5-minute
recess.

(Jury left courtroom.)

THE COURT: Look those over, gentlemen, and then
come into the robing room in a minute.

(Robing room conference not recorded.)

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2 (in open court, jury present.)

3 MR. COHN: Your Honor, may I ask a couple of ques-
4 tions?

5 THE COURT: Yes.

6 VOIR DIRE EXAMINATION

7 BY MR. COHN:

8 Q Mr. Goverman, let me see if I understand this:

9 First of all, who gave this to you?

10 A Either Mr. Blandino or the secretary in the office
11 of the casino.12 Q Mr. Blandino was the casino manager, is that cor-
13 rect?

14 A That is correct, sir.

15 Q He worked for you in charge of the casino oper-
16 ation?17 A At that time he was working as the manager of the
18 casino, yes, sir..

19 Q Was the secretary his secretary, your secretary?

20 A She wasn't my secretary-- well, she was employed
21 by me, but she was the secretary for the casino. She worked
22 in the casino office.

23 Q Do you remember her name?

24 A No, I don't.

25 Q But, in any event, these-- whatever these papers in

1 eo:mg 2

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2 this file that is being offered in evidence, they were
3 given to you either by Mr. Blandino or the secretary
4 who worked in the casino?

5 A Yes, sir.

6 Q They were given to you at or about the time of
7 the date they bear, would that be fair?

8 A Usually after the junket left, within a day or
9 so.

10 Q Do you understand what these sheets consist of?

11 A Yes, sir.

12 Q In other words, the markings and the notations
13 here?

14 A Yes, sir.

15 Q They mean something to you and you can explain
16 them?

17 A Yes, sir.

18 Q To us?

19 A Yes, sir.

20 Q Is that correct?

21 MR. McGUIRE: With the Court's permission I
22 intend to ask the witness that.

23 MR. COHN: That is fine.

24 On that basis I have no objection to the exhibit
25 being received.

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2 THE COURT: Thank you, Mr. Cohn.

3 Exhibit 167 will be received.

EX 4 (Government's Exhibit 167 received in evidence.)

5 BY MR. MCGUIRE:

6 Q Mr. Goberman, the sheets contained in this file
7 all seem to be on the same type of form.

8 Is that a correct statement?

9 A Yes, sir.

10 Q On the left-hand column under "Name" are lists
11 of names.

12 Now, Mr. Goberman, what do those names represent?

13 A These are the names, apparently in alphabetical
14 order, of the members of that particular junket.

15 Q Gamblers?

16 A Gamblers, yes, sir.

17 THE COURT: Let's not call them gamblers. Those
18 were the people that went on the junket to gamble?

19 THE WITNESS: Yes, sir.

20 MR. MCGUIRE: I'm sorry, your Honor, I didn't
21 mean anything derogatory.

22 THE COURT: They were the people that were there.
23 All right.

24 Q This particular sheet that is on the top of the
25 file shows a date "In-10-11-70."

1 eo:mg 4

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2 What does that represent, sir?

3 A That is the date that the members arrived at the
4 Island.

5 Q Beneath that there is the date "Out, 10/14/70."

6 Is that the date they left?

7 A That is the date they left, yes, sir.

8 Q Over at the left-hand top of the page it is Olympic
9 Sports Club and then there is a hole in the paper, you
10 can't see what else it is, Parness, Detroit.

11 What does that indicate?

12 A That means that the junket is controlled by
13 Olympic Sports, Parness, and that the group comes from
14 Detroit.

15 Q Did you know the Olympic Sports Club, Mr. Goberman?
16 Did you ever visit Olympic Sports Club's offices?

17 A You mean in New Jersey? No, sir.

18 Q Do you know whether there was an office for Olympic
19 Sports Club in New York?

20 A I believe there was, yes, sir.

21 Q Did you ever visit that?

22 A I think I was there once or twice.

23 Q Whose office was it, who sat there?

24 A Well, there was Mr. Parness and I think a Mr. Benson,
25 and a Mr. Wassell, and a Mr. Herman --

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Goberman-direct

2 MR. COHN: Excuse me, your Honor, is this sup-
3 posed to be on a specific occasion? If so, I would appre-
4 ciate the date.

5 THE COURT: I think he said he visited it a couple
6 of times.

7 Do you remember about when that was, sir?

8 THE WITNESS: It would be around the time all this
9 was going on. I don't remember.

10 THE COURT: You don't remember the date?

11 THE WITNESS: No, sir, I don't remember the exact
12 date.

13 THE COURT: But you sort of remember these names
14 as names of people you saw there?

15 THE WITNESS: Yes, sir. Because I notice some
16 of the names again on this sheet and it just sort of
17 refreshed my memory.

18 Q Now going back to these sheets, there is a column
19 that shows "Room" and that column is blank on this first
20 sheet that we are looking at.

21 A This is a mimeographed form sheet and I believe
22 there was a time that the room that these individual people
23 were assigned to, the room number, the hotel room number,
24 would have been inserted there, but somehow it was never
25 used that way.

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2 Q The next column is headed "Front Money."

3 You told us what front money was before.

4 There are figures in that column opposite the name
5 of each individual.

6 A Yes, sir.

7 Q What do those figures represent?

8 A It says here, Mr. Benson, front money, \$1,000,
9 which means that Mr. Benson has put up \$1000 in cash.

10 Q Before the junket began?

11 A Yes, sir, and for that he received credit-- re-
12 ceived chips for \$1000 so he could gamble.

13 Q The next column is headed "Credit line" and on
14 this particular sheet, the first sheet that I am showing
15 you, just, for example, there are no entries in the column
16 "credit line"?

17 A If a player wanted to gamble for more than the
18 amount of his front money, let us assume that he loses
19 his \$1,000. Now the question is, "May I have credit? And
20 if credit is arranged before he gambles, it would have
21 been put on here, the amount. I notice that on this
22 sheet none of them received credit.

23 Q You notice that on this sheet there is a column
24 for "Won" and a column for "Lost"?

25 A Yes, sir.

1 eo:mg 7

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2 Q This "Won," let's see, there are two entries in
3 the "won" column on this particular sheet and there are
4 about 21 entries in the "lost" column.

5 What do those numbers represent?

6 A This represents that two of the players won.

7 Q Two of the players won money from the casino?

8 A Yes, sir, one won \$1500 and the other won \$18,200.

9 Q How about the remainder of the players on that
10 particular junket?

11 A The remainder of the players, as you say, the
12 22, they lost. The amount they lost is therefore entered
13 into this column.

14 Q The amounts varied from--

15 A \$500 to \$57,000.

16 Q Now, the last column, Mr. Goberman, is headed
17 "Markers."

18 What does that represent?

19 A That represents the amount of money that the
20 player owes to the casino when it came time to settle.
21 For instance, if I may, we will take a Mr. Beitner had put
22 up \$1000 front money. He had no credit line. He did not win,
23 but he lost \$2500. So he gets credit for the \$1000.

24 Q The thousand that he had put up as front money?

25 A As front money. He therefore owes the casino \$1500

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2 and this column which is marked "Markers" means that the
3 casino has his IOU, a marker or a note, whatever you
4 want to call it, for \$1500, and it is also marked "Pick
5 up \$1500."

6 Q That is the indication opposite this man's name on
7 the sheet. It says "Pick up \$1500."

8 Those are the words used?

9 A That's right. That means that somebody is re-
10 sponsible to pick up that money for the casino.

11 Q In the case of this particular junket that you
12 have been talking about, Mr. Goberman, from Exhibit 167,
13 who was responsible to pick up that \$1500?

14 A Mr. Parness, as I see here, would be the respon-
15 sible party.

16 Q Mr. Goberman, there are figures of \$1500?

17 A Yes, sir.

18 Q \$1,000, \$2,000, \$9,500, another \$1,000, \$100,
19 \$54,500, \$4,000 and \$4,000 under the column "Pick up"?

20 A Yes, sir.

21 Q Or with the indication "Pick up" underneath the
22 column "Markers"?

23 A Yes, sir.

24 Q Is it your testimony, sir, that Mr. Parness was
25 responsible to pick up the total amount in that column

1 eo:mg 9

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2 from the gamblers?

3 A Yes, sir.

4 Q That is just one junket.

5 Did you receive similar reports of the operations
6 of other junkets during this time period?

7 A There were a few others that I received.

8 I didn't receive them all or if I did, I don't
9 have them all. They are still in my files in St. Maarten.

10 I just had a few of them with me.

11 Q So you have been able to retain some of these
12 records, but not all?

13 A Not all of them, no, sir.

14 Q At the time Mr. Holzer was pressing you for the
15 return of \$155,000, had you calculated from these reports
16 how much money was due on markers?

17 A Yes, sir.

18 Q Do you remember what your calculation was from
19 the reports that were given to you?

20 A I'd say it was somewhere around \$350,000 that was
21 due on pick-ups.

22 Q Who was responsible for seeing to it that the
23 casino collected that \$350,000?

24 A Mr. Parness was responsible.

25 Q He was responsible overall to see that it was

1 eo:mg 10

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2 all picked up?

3 A Yes, sir.

4 Q To your knowledge, was anybody working for him
5 in that endeavor to pick up that money?

6 A Well, he had an office-- he opened an office in
7 the name of the hotel also on Broadway in New York.

8 Q Was that the same office--

9 A I don't know whether he himself made all the
10 pick-ups personally or whether or not the money was brought
11 in to him, into the office in New York.

12 Q In any event, the overall responsibility, you
13 say, was entrusted to him?

14 A Yes, sir.

15 MR. COHN: It has been said four times, your
16 Honor.

17 THE COURT: All right.

18 Q Did you inform Mr. Parness about the existence
19 of the Holzer loan?

20 A Oh, yes. Mr. Parness knew about the existence.
21 He was there at several meetings I had with Mr. Holzer.

22 Q Was he there during the time this Holzer loan
23 was originally negotiated?

24 A He was there at some of the meetings when Mr.
25 Ferrara was there also. They were both there. I recall both

1 eo:mg 11

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2 of them were there. Mr. Parness apparently was an old
3 acquaintance of Mr. Macchia's.

4 THE COURT: Where did these meetings take place?

5 THE WITNESS: I don't know the exact address, your
6 Honor, but I do know it is the former General Motors Build-
7 ing in Manhattan.

8 THE COURT: All these took place in New York up
9 there on 57th Street and Broadway?

10 THE WITNESS: Something like that, yes, sir.

11 Q Is the address 1775 Broadway, Mr. Goberman; does
12 that refresh your recollection?

13 A That sounds something like Mr. Holzer's number,
14 yes, sir.

15 Q Do you remember the address of Mr. Parness' office?

16 A Yes, sir, that was 1650 Broadway.

17 Q Was that the address where the Olympic Sports
18 Club had its office?

19 A Yes, sir.

20 Q Was that also the place where the office was
21 opened in the name of St. Maarten Isle Hotel?

22 A At one time they were on different floors, but
23 they -- eventually everything was put into the one floor,
24 the 10th floor, the 9th floor or 10th floor. Originally
25 the Olympic was on I believe the 4th floor of the same

1 eo:mg 12

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2 building.

3 Q Mr. Goberman, when you told Mr. Parness about
4 the Holzer loan, do you remember what information precisely
5 you gave him and at what times? It is important that the
6 jury have the full history of your relationships.

7 MR. COHN: Your Honor, I think the question can
8 just be put. Everything is important.

9 THE COURT: I think the witness didn't understand
10 the question.

11 Is that correct?

12 Q What did you tell Mr. Parness about the status
13 of the Holzer loan during this time -

14 A When it was in default or when it was first made
15 to me?

16 Q Beginning with the time it was first made to
17 you and then when it was in default.

18 A He was quite well-acquainted with all the facts
19 of the loan as it was made.

20 Q Don't give us your conclusions, please. Tell
21 us, if you don't mind, Mr. Cohn's objection is quite cor-
22 rect, tell us just what you said to Mr. Parness on the
23 subject and what Mr. Parness said to you.

24 A I believe he was there when I received the
25 \$150,000 or when the papers were written. He knew all

1 eo:mg 13

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2 about it. I told him I received \$150,000 from Mr. Holzer.

3 Q Mr. Goberman, you have testified and we have in
4 evidence an exhibit, dated November 20, 1970 - that is
5 Exhibit 24, and that is the letter that Leonard Holzer
6 sent to you demanding that his loan be paid?

7 A Yes, sir.

8 Q Did you tell Mr. Parness about that?

9 A Yes, sir.

10 Q Did you tell him about it right about that time?

11 A Yes, sir.

12 Q What did he respond?

13 A "Don't worry about it."

14 Q Did you have any further conversations with Mr.
15 Parness on the subject?

16 A Yes.

17 Q Between November 20 and the end of January?

18 A Of course. "Go out and get the money."

19 Q Do you remember those conversations individually?

20 A I beg your pardon?

21 Q Do you remember those conversations individually?

22 A I would say that the crux of all the conversations
23 at that time was, "Go out and collect this \$150,000 before
24 this note is due."

25 Q What was Mr. Parness' response when you asked him

1 eo:mg 14

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2 that?

3 A "All right, I will do that. No problems."

4 Q Did he, infact, do that as far as you know?

5 A Did he go out and get the money for me?

6 Q As far as you know.

7 A Yes, he got the money.

8 Q Did he tell you he got the money?

9 A Yes.

10 Q What happened to it so far as you know?

11 A That money was used to pay off the note of Mr.
12 Holzer.

13 Q Was Mr. Parness telling you that at the time?

14 A I beg your pardon?

15 Q Did Mr. Parness tell you at the time that the
16 marker collections were being used to pay off the Holzer
17 note?

18 A Oh, no. The money that he produced was not from
19 the marker collections. He said that he couldn't get that
20 money in time to pay this note off, but he would get the
21 money. He had gone out to borrow it.

22 Q He told you he was going out to borrow it?

23 A That's right, sir.

24 Q Did there come a time when Mr. Parness produced
25 the money to pay off the Holzer note?

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2 A I don't quite know how to answer that. The
3 money was produced. Mr. Parness himself didn't hand it
4 to me, but the money was produced by others.

5 Q I am going to direct your attention specifically
6 to the events of January 25, 1971, and the following
7 days.

8 Do you remember those days, Mr. Goberman?

9 A January 25, did you say?

10 Q Yes, sir. I would like to hand you what has
11 been marked as Government's Exhibit 31 for identification.

12 Can you tell us what that is?

13 A This is a letter, a certified letter, which was
14 addressed to my Post Office Box in Lancaster, Pennsylvania.

15 THE COURT: You received that letter, sir, on
16 or about January 25?

17 THE WITNESS: It was received by someone else
18 at my home the next few days after that.

19 THE COURT: And you saw it in the next few days?

20 THE WITNESS: Yes, sir. This letter states --

21 THE COURT: Don't go into that. It is not in
22 evidence.

23 MR. McGUIRE: We will offer it in evidence.

24 THE COURT: I wanted him to identify it.

25 MR. COHN: No objection, your Honor.

eo:mg 16

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THE COURT: All right, it will be received.

(Government's Exhibit 31 received in evidence.)

Q Is this the letter you spoke about earlier regarding the public sale of your stock?

A Yes sir.

Q Which Mr. Holzer announced in the newspapers?

A Yes, sir.

Q Did he notify you of that by sending you this letter?

A That and also personally when I was in New York he told me again.

Q Can you remember when it was that you first learned that Mr. Holzer had plans to sell your stock; was it a few days after this letter?

A It would be within a few days after that letter was mailed, yes, sir.

Q Can you put it any closer than that?

A No, sir.

Q Can you give us an exact day?

A No, sir.

Q Did you have any conversations with Mr. Parness after you got wind of the fact that Mr. Holzer was ready to sell your stock?

A Yes, sir.

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Q Where did those conversations take place?

A In the office at 1650 Broadway.

Q Who was present at the first of those conversations?

A I know that Mr. Parness was there. I don't recall who else was there. Other people working in the outer office and I don't recall who else was there at that time.

Q Did the conversation between you and Parness take place with anybody else present who was able to listen to the conversation?

A Well, there was an inner and outer office. If the door was open I am quite sure that whoever was in the outer room could have overheard the conversation.

Q What is your best recollection of the conversation that took place between you and Mr. Parness?

Who said what to whom?

A I said he cannot do that to me.

jqbr 79

Goberman-direct

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6:55 pm

Q What did Mr. Parness respond?

A I want you to get this money. I am not going to give up this hotel for \$150,000, don't worry about it, I will get the money for you, it is no problem.

THE COURT: Who is talking here?

THE WITNESS: Mr. Parness.

THE COURT: That is what Mr. Parness said to you at the time, don't worry about it?

THE WITNESS: Yes.

THE COURT: What else did he say?

THE WITNESS: I will have the money.

THE COURT: All right.

Q Was there anything further to this conversation than that?

A We will go up and speak to Mr. Holzer, that is Mr. Parness, and I will straighten him out.

Q That is what Mr. Parness told you?

A Yes, sir.

Q Did you and Mr. Parness actually go up to see Leonard Holzer?

A Yes, sir.

Q What happened there?

A Mr. Parness, Mr. Holzer, Mr. Macchia and myself were in Mr. Holzer's office. Mr. Parness said I will get

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Goberman-direct

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or give, I am not sure of the exact words, \$50,000 to him and give to you, on account of the 150 and within one weeks' time I will guarantee that you will have the other \$100,000. Mr. Holzer said that no I am not going to do that because the minority stockholder, who happened to be an attorney, told me he will be here for the sale of the stock and he intends to buy this stock for the \$150,000, why should I take a chance and wait a week when I am assured of getting my money before this week is out. That was the end of that.

Q You then left Mr. Holzer's office?

A Yes.

Q Did you leave with Mr. Parness?

A Yes, sir.

Q Did you have a discussion with him about what was going to be done next?

A Yes. I suggested to Mr. Parness that there was something wrong about this situation because I couldn't see why Mr. Holzer wouldn't take the \$50,000 -- I forgot to mention one thing that Mr. Parness said when he offered him the \$50,000 if I don't come up with the \$100,000 next week you can keep the \$50,000. That is a pretty good deal for a businessman. He would have still been in the same position to sell his stock and would have been ahead \$50,000

1 jgbr Goberman-direct 81
2 more. I said to Mr. Parness that there is something about
3 this that doesn't just ring right with me.

4 Q What did he respond?

5 A I don't remember, it couldn't have been too
6 much.

7 Q The date for the public sale of the stock you said
8 was February the 4th?

9 A Yes, sir.

10 Q 1971, and indeed that is what is reflected in
11 Exhibit 31, the letter from Holzer to you?

12 A Yes, sir.

13 Q As that date approached were you able to collect
14 any money from Mr. Parness?

15 A No.

16 Q Did you ask him often?

17 A Yes, sir.

18 Q By February the 3rd had Mr. Parness come up
19 with any marker collections for you?

20 A Not to the best of my knowledge.

21 Q Did he offer you any explanation as to why he had
22 not?

23 A Collections are tough right now.

24 Q That is all he told you?

25 A Along that line. I just haven't got it,

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Goberman-direct

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collections are tough but don't worry about it, I will get it if I have to go out and work all night on it, I will get it, I will borrow it but I will have it, you have nothing to worry about.

Q Did the sale of stock ever take place on February 4th?

A No, sir.

Q Do you remember the day?

A Yes, sir.

Q What happened?

A It is my understanding that Mr. Holzer advanced it another day until the 5th because the minority stockholder could not come up on the 4th and said he would be there the 5th so we had another day's delay actually.

The sale was supposed to have been made on the 5th.

THE COURT: You say the minority stockholder was an attorney?

THE WITNESS: Yes.

THE COURT: Where?

THE WITNESS: Baltimore.

Q What was his name?

A Mr. Hoffman.

Q I would like to show you, sir, what has been marked

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as Exhibit 38 for identification and you will notice first off that this is two copies of the same document, the second copy having some changes that are not on the first. Can you identify the two documents that comprise Exhibit 38?

A Yes, sir.

Q What are they?

A This is an agreement between myself and two other persons here.

Q Who are the two other persons?

A Stanley Amsterdam and a Barbara Landew of 1650 Broadway, New York, known as the lenders.

MR. COHN: Is this going to be offered?

I am sure I wouldn't object to it.

THE COURT: You remember that agreement?

THE WITNESS: Yes, sir.

THE COURT: And you signed it?

THE WITNESS: Yes, sir.

MR. COHN: Do you want to offer it?

MR. MC GUIRE: I will do it in my own good time.

MR. COHN: Take all the time you want but please don't read from it however.

Q On the first copy you will notice a signature, is that your signature?

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Goberman-direct

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A Yes, sir.

Q Do you remember when you put it on there?

A No, sir. I am not sure whether it was that day
or the day after, I am not sure.

Q On the second copy of this document there is also
your signature and also two other signatures.

A Yes, sir.

Q And there are some changes in the document which
appear to be initialed?

A Yes, sir.

Q Did you sign this second copy as well?

A Yes, sir.

Q Did anybody else sign it in your presence?

A I am sorry. This is a copy. I did not sign
this copy.

Q But this is a Xerox copy?

A Yes.

Q And you signed the original of which the Xerox copy was
made?

A Is that not the same as this?

MR. MC GUIRE: I think the record will reflect
that it is not.

THE WITNESS: I just wanted to know.

The question is did I sign that copy, and that is

jqbr Goberman-direct

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my signature, yes, sir.

Q Did anybody else sign it in your presence?

A No, sir.

MR. MC GUIRE: We now offer it.

MR. COHN: No objection.

THE COURT: Received.

(Government's Exhibit 38 was received in evidence.)

Q Do you know Barbara Landew?

A Yes, sir.

Q How did you first meet her?

A Through Mr. Parness.

Q Do you see her in the courtroom today?

A Yes, Barbara is sitting right there.

Q Now Mrs. Milton Parness?

A That is what I am told, yes, sir.

Q Do you know Stanley Amsterdam?

A Not well. I met him on two occasions.

Q Did you ever meet him to discuss this agreement, Exhibit 38, with him?

A No, sir.

Q Did you ever discuss it with Barbara Landew either?

A No, sir.

Q How did this agreement come into being, to the

1 jqbr

Goberman-direct

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2 best of your knowledge, Mr. Goberman?

3 A After Mr. Parness said that he had borrowed the
4 money the night before he told me that the people from whom
5 he borrowed it should have some form of security.

6 I of course agreed because that is the normal business
7 transaction and that he would like to have me sign those
8 papers which supports the fact that I borrowed that money
9 from whosever name happened to be on it.

10 Q Did Mr. Parness ever tell you from whom he had
11 borrowed the \$150,000 ?

12 A No, sir.

13 MR. COHN: If Mr. Mc Guire asks more conversations
14 I have no objection.

15 Did he discuss this with Mr. Parness, what did
16 you say, what did he say, but don't put everything in the
17 question.

18 THE COURT: All right.

19 Q At the time that this agreement was drawn did
20 Mr. Parness discuss with you the identity of the people
21 who had loaned the money?

22 A No, sir.

23 Q Did you ever have a discussion of any kind what-
24 soever with the people whose names appear in this agreement
25 on the subject of whether or not they had loaned the money?

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Goberman-direct

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2 A No, sir.

3 Q Did you have to put up any security for this
4 loan that you got?

5 A Yes, sir.

6 Q What security did you put up?

7 A That agreement, if I remember correctly, put
8 the new purported lenders in the same position that Mr.
9 Holzer had. It transferred Mr. Holzer's rights to my
10 226,500 shares of stock to the new lenders.

11 Q Did you know who the new lenders were?

12 A No, sir; I know the names of the people, I know
13 of them but I never -- I am quite sure they never lent me that
14 money.

15 THE COURT: I am getting a little confused.
16 What are the names of the documents which is in evidence?

17 MR. MC GUIRE: I will read a portion of it.

18 THE COURT: I think so.

19 MR. MC GUIRE: Ladies and gentlemen, this
20 Exhibit 38 contains 2, 3 page legal documents, on legal
21 paper, as you see. The first of them is headed Agreement Made
22 This 3rd Day of February 1971, By and Between Allan M.
23 Goberman, and it gives your address, and Stanley Amsterdam
24 and Barbara Landew of 1650 Broadway, New York, New York.

25 The first paragraph is Whereas Leonard E. Holzer

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of 1775 Broadway, New York, herein called lender, loaned to the borrower on October 6, 1970 the principal sum of \$150,000 with interest at 7-1/2 per cent per annum, pledging as collateral 226,250 shares, and it goes in with describing the shares of stock, and whereas the borrower has defaulted in repayment of said note and loan, and there are some more whereases, it is hereby agreed in consideration of the mutual undertakings of the parties as follows:

Lenders acting jointly and severally agree to lend immediately to borrower, that is you, Mr. Goberman, the principal sum of \$150,000 plus interest of approximately \$3,760 being the interest due through and including February 4, 1971 and in addition they agree to cover attorney's fees finally determined to be due to attorneys for Holzer. Messrs. Wilkie, Farr & Gallagher.

Is that a New York law firm?

THE WITNESS: Yes, sir.

MR. MC GUIRE: Now estimated by them to be \$10,000 in total amount. Paragraph 2. For that purpose, lenders agree to make available to him to borrower for settlement of the note and interest the sum of \$155,000 in cashier's checks drawn on the National Newark & Essex Bank of New Jersey. Paragraph 3, in addition, lenders will request their attorney to settle the amount to be paid to Holzer's

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attorneys as their legal fees properly attributable to collection efforts and pay the same to said attorneys promptly.

4, borrower agrees to pay back to lenders on or before 11 o'clock a.m. February 8, 1971 the total sum borrowed from lenders through this date. Paragraph 5, in case

borrower doesn't repay to lenders the total sum --

I am skipping some legal language -- borrower agrees that lenders may step into the place instead of Holzer as registered security holder of the 226,250 shares.

I haven't read the complete document,

Mr. Cohn. Do you want anything further read?

MR. COHN: No.

Q And you signed it?

A Yes, sir.

Q The next document in Exhibit 38 is the same agreement with a different signature of Allan Goberman and with signatures of Stanley Amsterdam and Barbara Landew thereon.

There is a change in paragraph 4. Paragraph 4 in the new copy says borrower agrees to pay back to lenders on or about 11 o'clock a.m. March 15, 1971 the total sums borrowed from lenders through said date.

Q Sir, you said you signed the first of those documents on either February 3 or February 4. Do we have your

1 jgbr Goberman-direct

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2 testimony correctly?

3 A Yes, sir.

4 Q Do you know when you signed the second one,
5 Mr. Goberman?

6 A I don't recall.

7 Q Do you know where you signed the second one?

8 A I would assume that would be --

9 THE COURT: Don't assume, sir, do you remember?

10 THE WITNESS: To the best of my recollection,
11 it would have been at 1650 Broadway.

12 Q Did you have a discussion with anybody about the
13 extension of your time to pay from February 8th to
14 February or to March 15th?

15 A Yes, sir.

16 Q Who did you have that discussion with?

17 A With Mr. Parness.

18 Q Please tell us who said what to whom during that
19 conversation.

20 A Well, I felt that--

21 Q Not what you felt.

22 Mr. Gohn is rising to object and he is quite
23 correct

24 What you said and what he said.

25 A The initial decision that gave me a week to secure

1 jqbr Goberman-direct 91

2 the \$150,000 did not give in my opinion enough time.

3 It just began to dawn on me that Mr. Parness was not going to
4 produce the money -- my money --

5 MR. COHN: May we forget what dawned on him
6 and get the conversation.

7 THE COURT: In testifying, try to tell us just what
8 actually happened. Don't tell us your thought processes.
9 Tell us what you said or somebody else said or what you
10 did.

11 A I said I will need more time to pay this back.

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1 Q:mg 1

Goberman-direct

2 Q What did he say?

3 A Evidently he agreed because the date was changed
4 and I was given another month or so, whatever the difference
5 in time is.

6 Q Did you ever discuss that with Barbara Landew?

7 A No, sir.

8 Q Did you ever discuss it with Stanley Amsterdam?

9 A No, sir.

10 Q Did you ever discuss it with anybody besides
11 Milton Parness?

12 A No one.

13 Q You were starting to tell us earlier and I inter-
14 rupted you, Mr. Goberman, about how the \$150,000 was paid to
15 Holzer.

16 That was \$150,000 plus interest, was it not?

17 A Yes, sir.

18 Q Can you remember the events of February 4, 1971?

19 A I believe so, yes, sir.

20 Q Tell us what happened.

21 A Mr. Parness suggested that I --

22 Q Where did he make this suggestion?

23 A 1650 Broadway, in the office. That I was to go
24 to Mr. Faigin's office at Willkie Farr & Gallagher.

25 Q Who is Mr. Faigin?

1 Q:mg 2

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2 A He was Mr. Holzer's attorney. I was to go there
3 with a Mr. Hamilton.

4 Q Who was Mr. Hamilton?

5 A He is a New York attorney whom I met before on
6 another matter and who was brought in by Mr. Parness to make
7 up these agreements that we were just discussing.

8 I was to go with Mr. Hamilton to Mr. Faigin's of-
9 fice and from there go wherever I was directed to, to pick
10 up this \$150,000.

11 Q Did Mr. Parness say where the \$150,000 was?

12 A I don't remember if it was pinpointed to the
13 name of the bank but it was going to be in one of the
14 Oranges, if I remember correctly, New Jersey.

15 Q At a bank?

16 A Yes, sir.

17 Q What did you do after you had this conversation
18 with Mr. Parness?

19 A I went to Mr. Faigin's office with Mr. Hamilton.

20 Q Was Mr. Hamilton in Mr. Parness' office when he
21 gave you these directions?

22 A I believe so, I am not sure. I do remember going
23 to Mr. Faigin's office with Mr. Hamilton.

24 Q Where was Mr. Faigin's office?

25 A Is there a Chase Center or a Chase Manhattan Center,

1 Q:mg 3

Goberman-direct

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2 a huge building? I believe it is called Chase Manhattan
3 Center.

4 THE COURT: Chase Manhattan Plaza.

5 THE WITNESS: That is where it was, a big, beauti-
6 ful building.

7 Q Did you meet this Mr. Faigin there?

8 A Yes, sir.

9 Q What did you do after that?

10 A Well, after some lengthy conversations between
11 Mr. Hamilton and Mr. Faigin and the number of phone
12 calls in the adjoining office, I just sat there like a
13 dummy listening to all this and not knowing what was
14 going on.

15 Mr. Faigin came in, picked up his phone and called
16 for a limousine. He said, "We are going to take you over
17 in a company limousine."

18 Q Did you in fact go any place in a limousine?

19 A Yes, sir.

20 Q Where did you go?

21 A We went over to one of the Oranges in New Jersey,
22 to a bank.

23 Q What time did you get there approximately?

24 A I am not sure of the time but I do know that the
25 bank was closed because the limousine was stopped on the

Q:mg 74

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way over and I am not sure if it is Mr. Faigin or Mr. Hamilton, got out of the limousine, went to a public phone near a gas station, called the bank and told them that we will be a little late and they said, "All right."

He told me that they said "Okay."

Q When you got to this bank you say it was closed?

A It was closed and they rang the bell or the button and they let the three of us in.

Q Somebody let you in?

A Yes, sir.

Q Who was the somebody, do you remember?

A I imagine it was a maintenance man. Everyone was still employed--

Q What happened inside the bank?

A Mr. Faigin and Mr. Hamilton walked through a wrought iron gate into an open office and I waited outside of this gate. I was not supposed to go in, I guess.

They held a rather lengthy conversation and then this gentleman handed either to Mr. Hamilton or Mr. Faigin, I am not sure, two checks. Possibly I was six or seven feet away.

Q Did you see the checks?

A I didn't see the writing on the checks but I saw they were two checks.

1 Q:mg 5 Goberman-direct

2 Q Did you ever handle them?

3 A No, sir.

4 Q What happened after these checks were passed to
5 the two layers?

6 A Either Mr. Hamilton or Mr. Faigin put the checks
7 in their inside coat pocket, -- we got into the limousine
8 and returned to New York.

9 MR. McGUIRE: If we are planning to stop some
10 time around this time, this would be a good place.

11 If you want me to continue, I certainly will
12 continue.

13 THE COURT: I told the jury I would let them go
14 at some reasonable time after four o'clock. I want to
15 announce a couple of scheduling problems we have, ladies
16 and gentlemen.

17 The lawyers, as sometimes happen, have rather
18 pressing engagements and I feel that I should accommodate
19 them to that effect. Although in doing so they have as-
20 sured me it is not going to lengthen this trial. One of
21 them has an engagement tomorrow morning and so we will
22 meet tomorrow morning at 11:00 o'clock instead of half-
23 past ten and remember what I said this morning, be here
24 very promptly at 11:00 o'clock.

25 As soon as he gets in the courtroom we will start

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Goberman-direct

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proceed. Mr. Mc Guire.

DIRECT EXAMINATION CONTINUED

BY MR. MC GUIRE:

Q When we broke for the day yesterday, Mr. Goberman, you were telling us about a series of incidents culminating around February 4, 1971. That is just by way of getting you and the jury oriented to where we had stopped.

Do you recall that, sir?

A Yes. You say February, yes, I know what you are referring to now.

Q I believe you testified that on that date you went to a bank in New Jersey and picked up some checks with some other people?

A That is correct, yes, sir.

Q Was there a lawyer who represented you in connection with the dispute with Holzer?

A I did not employ a lawyer, no, sir.

Q Was there a lawyer who represented you?

A I understand there was, yes, sir.

Q What was his name?

A Mr. Hamilton.

Q Is that the Mr. William Hamilton you referred to yesterday?

A That is correct.

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Q Who did employ him to represent you?

THE COURT: If you know.

A Mr. Parness.

Q Did he file any court papers on your behalf?

A I did not know at that time that he did but I subsequently found out that he had.

Q Did you in fact sign some court papers that he drafted?

A I signed quite a number of papers and it is possible that I signed the paper you are referring to at that time.

Q Was there indeed a lawsuit against you by Leonard Holzer to collect his \$150,000 loan?

A Yes, sir.

Q Do you know whatever happened to that lawsuit?

A No, sir.

Q Your lawyer never told you?

A No, sir.

Q In the months succeeding the early part of February 1971 did you make any effort to obtain money with which to pay the new lenders, Barbara Landew and Stanley Amsterdam?

A No, sir, not outside of the Hotel Corporation funds.

Q Did you attempt to obtain funds owed to you

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Goberman-direct

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2 by Hotel Corporation?

3 A Yes, sir.

4 Q Were you successful in obtaining funds from your
5 Hotel Corporation?

6 MR. COHN: Objection.

7 THE COURT: I am going to sustain the objection
8 to that. I am not sure what funds you are talking about,
9 Mr. Mc Guire.

10 MR. MC GUIRE: I will explore it.

11 Q What funds did you try and collect, Mr.
12 Goberman?

13 A I tried to collect the funds due to me in order
14 to repay the 155 or \$160,000 that was used or supposedly
15 borrowed by Mr. Parness, that was used to pay the Holzer
16 note.

17 MR. COHN: I still don't know what due to me
18 means.

19 THE COURT: Perhaps he can explain it. I am not
20 quite clear on the answer to that. As I understand it,
21 at this time you were indebted to Barbara Landew and
22 Stanley Amsterdam in the amount of \$150,000?

23 THE WITNESS: That is right.

24 THE COURT: What hotel funds did you seek or
25 did you seek to obtain some hotel funds with which to pay

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Goberman-direct

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that loan?

THE WITNESS: The casino collections, the same money I was trying to collect to pay Holzer originally.

THE COURT: What money do you mean by that?

THE WITNESS: The money that Mr. Parness was supposedly collecting on the junkets.

THE COURT: I see, all right.

Q By the way, Mr. Goberman, did the hotel have a bank account?

A Yes, sir.

Q Where was that bank account?

A One in the Bank of Nova Scotia and one in the Windward Islands Bank, both in St. Maarten.

Q Did you attempt to obtain funds from those bank accounts to pay off the nominal lender, Barbara Landew and Stanley Amsterdam?

A No, sir.

Q Did you have control over those bank accounts?

A No, sir.

Q Had you previously had control over them?

A Yes, sir.

Q Tell us how you lost control over those bank accounts?

A I didn't know I lost control of the bank accounts

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2 until I was told by Mr. Mac Donald, the manager --

3 MR. COHN: I object to what he was told by
4 Mr. Mac Donald.

5 Q Who is Mr. Mac Donald?

6 THE WITNESS: The manager of the Bank of
7 Nova Scotia told me that I have no more rights in that
8 bank.

9 MR. COHN: Objection.

10 THE COURT: I will allow that. Not for the
11 truth of the statement -- that is what Mr. Mac Donald told
12 you?

13 THE WITNESS: Yes, sir.

14 Q What was it he told you?

15 A That there had been --

16 Q What was it that Mr. Mac Donald told you?

17 A That it now takes two signatures on checks
18 or any papers belonging to the company in that bank and
19 that I have no legal rights to my bank account on my
20 own signature as there had been some changes made.21 Q That was the manager of the bank that told you
22 that?23 A He was also managing director of the bank corpor-
24 ation.

25 Q Approximately when, if you recall, did this

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Goberman-direct

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conversation take place between you and this Mr. Mac Donald?

A I don't remember the exact date.

Q Was it after February 4th?

A Yes, sir.

Q During the period from the early part of February through, let us say, the end of March 1971 where were you physically? Were you on the island of St. Maarten?

A Yes, sir.

Q All the time?

A No, sir.

Q Where else were you?

A Back in my home in Lancaster, Pennsylvania.

Q What occupied your time during those months?

Maybe I will make the question more specific.

Did you continue to act as chief executive of the hotel?

A I thought I was.

Q Did that, acting as chief executive of the hotel, cease?

THE COURT: That's awfully complicated.

What did you do down there? When you were down there during this period when you heard it took two signatures at the bank? You said you were down there, what did you do when you were down there?

THE WITNESS: I tried to perform what I considered

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Goberman-direct

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normal duties.

THE COURT: Running the hotel?

THE WITNESS: Then I found out I didn't have
no duties. Mr. Levrey had those duties.

Q Who was Mr. Levrey?

A Mr. Levrey was the manager of the hotel.
He was appointed by Mr. Parness.

Q Do you know approximately when Mr. Levrey was
appointed by Milton Parness as manager of the hotel?

A I don't know the exact time, no, sir.

Q Was that Edward Levrey?

A Yes, sir, Edward Levrey.

Q Did you continue to get reports as you
testified you got earlier about the results of junket oper-
ations?

A I did not. I got some. I did not get all the
reports, no, sir.

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Goberman-direct

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2 Q Now, I would like to draw your attention, sir, to
3 the end of March, 1971.

4 Before I do that, Mr. Goberman, did there come
5 a time when you filed some bankruptcy papers?

6 A Yes, sir.

7 Q Can you tell us approximately when that was?

8 A I don't remember the date. There was so much
9 going on at that time that --

10 Q Was it during this period, February and March of
11 1971?

12 A I believe it was.

13 Q Did you file papers to go into personal bank-
14 ruptcy, Mr. Goberman?

15 A No, sir.

16 Q What kind of papers did you file, as best you
17 recall?

18 A Well, my attorney advised me to file a joint
19 bankruptcy which would cover, I suppose is the word to
20 use, whatever my wife and myself together owned.

21 Q And you did do that?

22 A Yes, sir. And my wife personally.

23 Q Your wife personally also filed bankruptcy?

24 A Yes, sir, as a part of the bankruptcy but not
25 myself personally.

1 eb:mg 2

Goberman-direct

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2 Q And were you, your wife and you and your wife
3 together ultimately discharged from bankruptcy?

4 A Yes, sir.

5 THE COURT: Where did you do this?

6 THE WITNESS: In Lancaster, in the District Court
7 in Reading.

8 THE COURT: All right.

9 BY MR. McGUIRE:

10 Q Now, sir, going to the end of March, 1971, do
11 you recall whether or not you made a trip to St. Maarten?

12 A I believe I was making trips back and forth around
13 that time, yes, sir.

14 Q Directing your attention specifically to what's
15 been marked as Government's Exhibit 70 for identification,
16 do you recall a specific trip with which that was connected?

17 A Yes, sir.

18 Q Tell us how you came to make that trip to St.
19 Maarten, and when?

20 A Well, approximately March 30, 1971.

21 Q How did you come to make that trip to the Island?

22 A I don't quite understand.

23 THE COURT: Why did you go to St. Maarten?

24 THE WITNESS: Why did I go?

25 Q Yes.

1 eb:mg 3

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2 THE WITNESS: I still felt that it was my hotel
3 and I was still trying to --

4 THE COURT: You went there to look out for your
5 interests in connection with your hotel, is that it?

6 THE WITNESS: That's right, sir.

7 THE COURT: All right.

8 BY MR. McGUIRE:

9 A Had you had any conversation with anybody prior
10 to going down there?

11 A I imagine there was some conversation.

12 THE COURT: Do you remember any?

13 THE WITNESS: (No response.)

14 THE COURT: Do you remember who you saw when you
15 went down there on that occasion?

16 THE WITNESS: I saw the same people that were
17 always there, Parness, and the Levreys, and Bobby, and
18 the same people.

19 THE COURT: Bobby who?

20 THE WITNESS: Bobby Landaw, they were there.

21 BY MR. McGUIRE:

22 Q Mr. Goberman, before going down, do you specifically
23 remember having a conversation with any of these people?

24 A Yes. I called Bobby and told her to get me a
25 ticket because I didn't have the money for a ticket and

1 eb:mg 4

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2 she mailed me the ticket.

3 Q Was there any specific purpose for your trip?

4 MR. COHN: I don't understand that.

5 A I don't recall right now, sir.

6 Q In any event, you did go down to the Island?

7 A Yes, sir.

8 Q What did you do while you were there, sir?

9 A The same thing that I always did; the normal
10 course of events.

11 Q Did you sign any more papers?

12 A I believe I did, yes, sir.

13 Q Can you tell us how it came to pass that you
14 signed the papers?

15 A I was handed papers and told to sign them.

16 Q Who handed you the papers?

17 A Mr. Parness.

18 MR. COHN: Wouldn't it be proper to ask him what
19 papers we are talking about?

20 THE COURT: We will get to that.

21 You say you were asked to sign some papers?

22 THE WITNESS: By Mr. Parness.

23 THE COURT: Do you remember what the papers were?

24 THE WITNESS: I could identify them if I saw them.

25 THE COURT: But you can't remember of your own

1 eb:mg 5

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2 recollection?

3 THE WITNESS: There were so many of them.

4 BY MR. MCGUIRE:

5 Q What did those papers deal with generally?

6 A To the best of my recollection, they were papers
7 that were taking the hotel away from me legally.

8 Q I show you what's been marked as Government's
9 Exhibit 77, also Exhibit 78, 79, 80, 81, 82 and 83.

10 Will you look at those documents, sir?

11 (Pause.)

12 Q Will you tell us which if any of them you recog-
13 nize?

14 (Pause.)

15 A I recognize all these papers; yes, sir.

16 Q Did you sign some of them?

17 A Yes, sir. There's my signature on some of them.

18 Q Did you receive some of them?

19 A What do you mean receive?

20 Q Well, were copies of them given to you?

21 A No, sir.

22 Q Directing your attention to Exhibit 77, first,
23 that purports to be a letter addressed to you; did you
24 receive that letter?

25 A No, sir.

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2 Q Did you see it?

3 A I believe I saw it on the Island. This is a
4 notice dated 1650 Broadway, the address.

5 Q But you didn't actually receive a copy of it?

6 A No, sir.

7 Q Did you later obtain a copy of it?

8 A Yes, sir.

9 Q Exhibit 78 also purports to be a letter ad-
10 dressed to you.

11 A Yes, sir.

12 Q Did you receive a copy of that letter?

13 A I would say this covered the same circumstances
14 as No. 77.15 Q You saw it while you were there, you later got
16 a copy of it, but you didn't receive it at the time?

17 A That is correct, sir.

18 Q And how about Exhibit 79?

19 A I would answer the same as the other two.

20 Q Now, Exhibit 80 is a letter that purports to
21 have your signature on it; is that your signature?

22 A This is my signature; yes, sir.

23 Q Did you actually send that letter?

24 A No, sir.

25 Q Is that one of the papers you were asked to sign

1 eb:mg 7

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2 and did sign?

3 A Yes, sir.

4 Q How about Exhibit 81?

5 A That would come under the same category as No. 80.

6 Q And Exhibit 82?

7 A Belongs to the same group.

8 Q And Exhibit 83?

9 A Yes, sir, belongs to this group.

10 Q Is it fair, Mr. Goberman, to say that these
11 documents all taken together constitute correspondence
12 which purports to be addressed to you, or which you,
13 on the face of it, it looks as if you sent; is that right?

14 A Yes, sir.

15 THE COURT: I am not clear on the question.

16 I believe I would have to sustain an objection
17 to that.

18 Q Well --

19 THE COURT: I understand that Mr. Goberman said
20 he signed the documents where his signature appears.

21 I think he also testified that he saw the others
22 but didn't receive copies.

23 Is that correct?

24 THE WITNESS: (No response.)

25 THE COURT: And this was all at about the same

1 eb:mg 8

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2 time, Mr. Goberman?

3 THE WITNESS: Yes, sir.

4 MR. McGUIRE: Thank you, your Honor.

5 BY MR. McGUIRE:

6 Q These documents all appear, these seven docu-
7 ments, all appear to be correspondence either to you or
8 from you.

9 Did you actually send or receive any of these
10 letters?

11 A No, sir.

12 MR. McGUIRE: We offer them in evidence.

13 MR. COHN: Voir dire, please, your Honor.

14 VOIR DIRE EXAMINATION

15 BY MR. COHN:

16 Q You mean to say you didn't actually receive them
17 through the mail; they were drawn when you were all to-
18 gether in St. Maarten, when the letters were prepared,
19 they were handed to you personally rather than being
20 mailed?

21 A No.

22 Q What do you mean to say?

23 A Whatever I said is what I meant. I don't re-
24 member what I said.

25 Q I am a little out of it. Could you tell me what

1 eb:mg 9

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2 you said?

3 A Perhaps the stenographer can tell me.

4 MR. COHN: Could you please read back his last
5 answer on that subject?

6 (Record read.)

7 Q Is that right?

8 A That was my statement, yes.

9 Q All right.

10 Now, you didn't actually send it and they were
11 not actually sent through the mail to you, is that cor-
12 rect?

13 A That is correct.

14 Q They were given to you?

15 A No, they were not.

16 Q How did your signature get on a piece of paper --

17 A My signature is not on all of those.

18 Q How did your signature get on a piece of paper
19 that wasn't given to you?

20 A You didn't let me finish what I was going to say.

21 Q Please say anything you want to.

22 A You have letters in two parts. You have two or
23 three letters, I believe, with my signature on them. It
24 naturally follows that if I admitted that I signed those
25 letters, I certainly had them on hand and signed them.

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2 The other group of letters was not given to me.

3 Q Did you receive copies of them?

4 A Not at that time, no, sir.

5 Q Were any of the letters you signed in response
6 to or in confirmation of the other letters?

7 MR. McGUIRE: I object to that.

8 THE COURT: I think that is not necessarily voir
9 dire.

10 Q By the way, who prepared these letters? Were
11 they prepared by a lawyer?

12 THE COURT: Do you know?

13 A No, I wouldn't know.

14 THE COURT: You don't know who prepared them?

15 Q Did you ever hear of a man named Mr. Larry Faigin
16 of the Wall Street law firm of Willkie Farr & Gallagher?

17 A Yes, sir.

18 Q Was he present at the time these letters were
19 prepared?

20 A I know he was there several times. I don't know
21 if he was there at that time.

22 Q Anything might have been.

23 Would you please search your recollection now and
24 tell the jury whether you recall--

25 MR. McTUIRE: I object to this.

1 eb:mg 11

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2 THE COURT: I don't think it has anything to
3 do with the present problem. You can bring that up on
4 cross-examination.

5 MR. COHN: All right, your Honor.

6 Q Your testimony to this jury is now you do not know
7 who prepared these documents and you do not know if they
8 were prepared by members of the firm of Willkie Farr &
9 Gallagher in your presence at St. Maarten?

10 MR. McGUIRE: I object to that.

11 THE COURT: I sustain the objection.

12 MR. COHN: Your Honor, Although I think I could,
13 I do not object to any of these.

14 THE COURT: All right.

15 MR. McGUIRE: And if the Court please, may Mr.
16 Cohn's gratuitous remark about whether he could object
17 or not be stricken?

18 THE COURT: All right.

19 (Government's Exhibits 77, 78, 79, 80, 81, 82,
20 83 received in evidence.)
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MR. MC GUIRE: Exhibit 77, ladies and gentlemen, is a letter on plain paper which bears the date March 15, 1971 and the address 1650 Broadway, New York, New York, 10019. It bears the signatures Barbara Landew and Stanley Amsterdam and it is addressed to Mr. Allan M. Goberman at St. Maarten Isle Hotel in the Netherlands Antilles and it says "Dear Mr. Goberman, this letter is to notify you that you are presently in default under the terms of our loan agreement dated February 3, 1971. Please be informed that it is our intention to exercise all our rights under this agreement. Including retention of the pledge if payment is not made within three days. We hope that you will see to it that payment is made under this agreement so that we may avoid any undue unpleasantness."

BY MR. MC GUIRE:

Q Did you receive that letter or any communication like it from Miss Landew or Mr. Amsterdam?

A No, sir.

Q At any time?

A I got copies of it later but I didn't receive it from them.

Q How did you get the copies?

A I found them in the office in St. Maarten.

1 jqbr 2

Goberman-direct

2 MR. MC GUIRE: Exhibit 78 bears the date March
3 18, 1971 and it is addressed to Allan N. Goberman at the
4 same address and it bears the location 1650 Broadway,
5 New York, New York 10019, March 18th. "Dear Mr. Goberman,
6 since you have neither satisfied the debt owed us pursuant
7 to your loan agreement dated February 3, 1971 nor responded
8 to our letter of March 15, 1971, please take notice of our
9 intention to retain the pledged shares in the St. Maarten
10 Isle Hotel as full satisfaction of this debt. By means
11 of a copy of this letter we are demanding that the shares
12 registered in our name on the stock register of the
13 hotel be transferred to us and upon these shares being
14 duly registered in our respective names and in a manner
15 which will give us undisputed ownership the debt will
16 be discharged and the loan agreement marked cancelled. "

17 The signatures on the letter are Barbara
18 Landew and Stanley Amsterdam.

19 Q Did you ever get this document?

20 A No, sir.

21 Q Did you ever have any communication of this type
22 with Barbara Landew or Stanley Amsterdam?

23 A No, sir.

24 Q Neither of them ever notified you that the loan
25 was in default?

1 jqbr 3 Goberman-direct

2 A No, sir.

3 MR. MC GUIRE: Exhibit 79 is dated March 19,
4 1971. It is addressed to the managing director of the
5 St. Maarten Isle Hotel.

6 Who was that at the time?

7 A I believe I was still legally, as of the record,
8 the managing director.

9 Q What is the managing director in a corporation
10 of the Netherlands Antilles, is that the chief executive?

11 A Chairman of the board or president.

12 Q What does it take to appoint a managing director
13 according to your knowledge of the facts?

14 THE COURT: That is a tough question. According
15 to his knowledge of the facts or the law of the Antilles?

16 Q According to the practice as you knew it.

17 A The principal stockholder of the corporation has
18 a right to appoint a managing director.

19 MR. MC GUIRE: This letter says:

20 "Dear Sir, under a loan and pledge agreement
21 dated February 3, 1971, a copy of which is attached,
22 Allan N. Goberman did assign to us as security for loans set
23 forth therein all his shares in the St. Maarten Isle
24 Hotel."

25 There is more language. The final paragraph

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reads:

"Therefore, we demand that in accordance with the bylaws of the St. Maarten Isle Hotel Corporation these shares be transferred to us".

Again it is signed Barbara Landew and Stanley Amsterdam.

Did you ever receive that letter?

A No, sir.

Q Was there ever any communication of this purport sent to you as managing director of St. Maarten Isle Hotel Corproation?

A No, sir.

MR. MC GHIRE: Exhibit No. 80 is dated April 2, 1971, this is one signed by Allan N. Goberman. It appears to be addressed to Barbara Landew and Stanley Amsterdam at 1650 Broadway, New York and it says:

"Dear Mr. Landew and Mr. Amsterdam. I am in receipt of your letter of March 18, 1971 concerning our loan agreement of February 3, 1971."

Was that statement true?

A No, sir.

Q "In light of my inability to comply with that agreement I accept your proposal to retain the shares pledged in satisfaction of the underlying debt" and so it goes.

1 jqbr 5 Goberman-direct

2 Did you sign this letter, sir?

3 A Yes, sir.

4 Q Who put it in front of you to sign?

5 A Mr. Parness.

6 Q Exhibits 81 and 82 are letters dated April 3,
7 1971 to Stanley Amsterdam and Barbara Landew respectively,
8 both at the New York address, 1650 Broadway. Both of
9 these letters read:

10 "This will acknowledge that on April 3, 1971
11 this corporation duly transferred into your name 113,125
12 shares of its common stock formerly held by Allan N. Gober-
13 man."

14 Were those statements true?

15 A No, sir.

16 Q Was there a transfer of stock to Barbara Landew and
17 Stanley Amsterdam so far as you knew?

18 A I had no knowledge of what was going on behind
19 my back.

20 Q Finally Exhibit 83 is dated the same day,
21 April 3, 1971, it is addressed to the St. Maarten Isle
22 Hotel Corporation in Phillipsburg, St. Maarten, signed
23 Allan N. Goberman. It says:

24 "Gentlemen, this will confirm the fact that the
25 certificates representing my 226,250 shares in the St. Maarten

1 jqbr 6 Goberman-direct

2 Isle Hotel Corporation NV were lost in transit prior to
3 the date of this letter. In their absence I have relied upon
4 the stock register of the Hotel Corporation as absolute
5 proof of ownership."

6 Was that statement true?

7 A No, sir.

8 Q Where in fact were the certificates of stock in
9 the Hotel Corporation at that time, early April 1971?

10 A They were in a briefcase in the office of the
11 hotel.

12 Q What happened to them after that?

13 A They were burnt. They were set fire to on
14 the beach in the barbecue pit.

15 Q How did that happen?

16 A That is what Mr. Parness wanted done and he
17 had them burnt.

18 Q Were you there at the time?

19 A Yes, sir.

20 Q Was there anybody else there?

21 A There were a lot of people around watching.

22 Q Did Mr. Parness say anything as to why he wanted
23 the certificates burnt?

24 A I think by that time we were getting to the point
25 where Mr. Parness didn't have to say too much.

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MR. COHN: May that be stricken?

THE COURT: That is not responsive to the question. The question is did Mr. Parness indicate to you why he wanted the shared burned?

You can answer that yes or no.

THE WITNESS: Why he wanted them burned?

THE COURT: Yes.

Q Did he say anything about that?

A To burn them.

Q During the period March and April 1971 did you receive any compensation from the St. Maarten Isle Hotel Corporation?

A Yes, sir, that is the main reason why I was there.

MR. COHN: Strike the main reason why he was there and let us have a response.

THE COURT: He said he did.

Try to just answer the questions, Mr. Goberman.

Q You say you received compensation?

A Yes, sir.

Q How much money did you get?

A \$500 a week.

Q How did you get it? I mean, in cash or by check?

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A By check.

Q What arrangements if any were made for you to obtain that money? Did you sign the checks yourself?

A I signed the checks, yes, sir.

Q Did you have any conversation with anybody about those payments of \$500 a week?

A Yes, sir.

Q With whom?

A Mr. Parness.

Q Can you tell us as best you can recall now what those conversations were? Who said what to whom?

A By that time I was completely out of funds.

MR. COHN: Objection.

THE COURT: That is confusing. Would you try as best you can indicate what time you are talking about when you say by that time.

Q The question indicated March and April of 1971.

THE COURT: Is that when you are talking about?

THE WITNESS: March and April 1971.

THE COURT: What happened?

THE WITNESS: I was completely out of funds. The only funds that I would have the possibility of receiving would be \$500 a week.

THE COURT: We are talking about the salary.

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Goberman-direct

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What conversations did you have about the salary of \$500 a week and with whom?

THE WITNESS: The conversations were with Mr. Parness. I don't remember the exact words but the result was that I was to receive \$500 a week. That was the result of our conversations.

Q I would like to show you what has been marked as Exhibit 89 for identification, Mr. Goberman, and before you look at it, tell us whether as of early April 1971 you still held the license to operate the gambling casino on the St. Maarten Isle Hotel?

A Yes, sir, it was still in my name.

Q Do you remember this document, Exhibit 89, sir?

A Yes, sir.

Q Does it bear your signature on the back?

A Yes, sir.

Q Did you sign it in St. Maarten?

A Yes, sir.

Q Were there any conversations between you and anybody else that led to the signing of this document?

A Conversations with Mr. Parness in reference to the document.

Q What did you say to Mr. Parness and what did he say to you?

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A Sign the document.

Q That is what Mr. Parness said to you?

A That is right, sir.

Q Was that about all there was to the conversation?

A That's about all I could get out of him at that time, to sign it.

MR. MC GUIRE: We offer it in evidence.

MR. COHN: No objection, your Honor.

THE COURT: It will be received.

(Government Exhibit 8~~6~~ was received in evidence.)

Q Do you know who wrote this document?

A No, sir.

Q Did you have anything to do with drafting it?

A No, sir.

Q It purports to be an agreement between you, on the one hand, and Edward Levrey and John Balndino on the other hand.

Did you ever have any discussions with John Blandino or Edward Levrey about what is contained in this document?

A No, sir.

Q Did you ever have any discussions with anybody about what is in this document?

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1 A Mr. Parness. He handed it to me and he said to
2 sign it.
3

4 Q You have told us about that.

5 I am reading from the 6th paragraph of the docu-
6 ment and I won't read the whole thing. "Now therefore
7 parties have agreed as follows: The St. Maarten Isle
8 Hotel Corporation NV will submit to the competent govern-
9 mental authorities of the Netherlands Antilles a request
10 for approval of the appointment of the applicants jointly
11 and if such joint appointment should be impossible either
12 one of the applicants as the operator or operators of the
13 casino."

14 The applicants referred to in this document are
15 whom?

16 A Mr. Levrey and Mr. Blandino.

17 Q The next to the last paragraph reads as follows:

18 "As further security for all moneys advanced and
19 to be made available by the applicant Levrey for the oper-
20 ation as specified above and as compensation for the work,
21 effort and the fact that through so making money available
22 the applicant Levrey makes it possible for the casino
23 operation to continue uninterruptedly, the operator,"
24 and that is you , Mr. Goberman, am I correct?

25 A Yes, sir.

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Q "The operator herewith assigns any and all income to which he is entitled or may in future become entitled as his share in the profits of the operation to the applicant Levrey who accepts such assignment irrevocably such with the exception of the sum of U.S. \$50 per day which shall become due fro day-to-day and shall be paid from the casino profits if any as long as the operator continues to function as such."

Mr. Goberman, did anybody ever pay you \$50 a day for turning over this casino license?

A No, sir.

Q Did you ever get one nickel?

A No, sir.

Q I would like to address your attention to the month of June 1971. Do you recall that month?

A I believe so, yes, sir.

Q Did you have another engagement in the Federal Court in Pennsylvania in that month?

A Yes, sir.

Q What happened?

A I was called for the final disposition -- well, it seemed that I was in St. Maarten and I received a call from a man who was then my attorney in Lancaster advising me to come back quickly to Lancaster because the

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United States Government was attempting to revoke the bail that I had been under since my trial of the previous November.

Q You had been released on bail while the Judge was considering his decision, is that right?

A Right, sir. It seemed that someone had decided that I was trying to leave the country for good. Therefore they made a plea to the Judge that we want Mr. Goberman's bail revoked or modified because we feel that he is going to leave the country and that is what I had to appear for.

Q When you heard about that application being made to the Court by the United States Government what did you do?

A I returned to my home.

Q You came back from St. Maarten to Pennsylvania?

A Yes, sir.

Q And thereafter did the Judge render his decision?

A In reference to the revocation of bail, you mean?

Q Yes.

A No, sir. The Judge, as I understand, decided not to act on the revocation of bail but to, at that time, pass the sentence of the trial that was held six or eight

jqbr Goberman-direct

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months prior to that.

Q Did he find you guilty or not guilty?

A Yes, sir, he found me guilty.

Q Do you remember what you did after that decision was returned? Or handed down, I guess that is a better word.

A I beg your pardon?

Q Do you remember what you did after that decision was handed down?

A I went home.

Q Did you thereafter at any time return to the island of St. Maartens?

A A few days after that I went back to St. Maarten.

Q How did it happen that you did that?

A I was still on the payroll, \$500 a week supposedly.

Q Had you gotten payments from time to time of that?

A I think the first two checks were cashed and the rest of them were on my desk.

Q Who paid for your transportation to the island of St. Maartens?

A Barbie through Travel Time.

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2 Q What is Travel Time?

3 A Travel Time is a travel agency.

4 Q Was she employed there?

5 A I was always under the impression that she was
6 an owner of it.

7 Q In any event, it was Travel Time that paid for
8 your tickets?

9 A They gave me the tickets, yes, sir.

10 Q When you went down to St. Maarten in June did
11 anything further happen with respect to your business
12 interest in the St. Maarten Isle Hotel Corporation?

13 A Yes, sir.

14 Q What happened?

15 A I was voted out I believe at that time by
16 Mr. Levrey using my stock and I was finished then.

17 Q You were formally voted out as managing
18 director?

19 A That is correct.
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Q I would like to show you what has been marked as Exhibits 84 and 85, Mr. Goberman.

Do you recognize those documents?

A Yes, sir.

Q What are they?

A 84 is a series of promissory notes.

85 is a letter supposedly from me dated March 17, 1969, addressed to the Development Co. Ltd. of Nassau, Bahamas.

Q Now, in March of 1969, did you sign that letter, Exhibit 85?

A No, sir.

Q Did you ever sign it?

A Yes. My signature is on here. I signed this letter.

Q When?

A June of 1971.

Q Not March 1969?

A Oh, no, no, sir.

Q Tell us how it happened that you came to sign that document dated in March of 1969, in June of 1971?

A Another document that was handed to me and I was told to sign it.

Q Who handed it to you?

1 eb:mg 2

Goberman-direct

2 A Mr.Parness.

3 Q Where?

4 A In the office of the hotel.

5 Q When?

6 A During June 1971.

7 Q Was there anybody else present?

8 A I believe the young lady who typed this, the young
9 lady from Canada.

10 Q Do you remember her name?

11 A I think her name is Dupont.

12 Q Did she type it in your presence?

13 A No, sir.

14 Q How do you know she typed it at all?

15 A She told me she typed it.

16 Q And so you signed this document?

17 A Yes, sir.

18 Q Exhibit 84 is some promissory notes you say?

19 A Yes, sir.

20 Q When did you sign those?

21 A I am reasonably sure about the same time. There
22 were a lot of papers signed around that time.

23 Q Did you have any conversations with anybody that
24 led up to the signing of these documents?

25 THE COURT: Are you talking about the notes now?

1 eb:mg 3

Goberman-direct

2 MR. McGUIRE: The notes and/or the letter.

3 THE COURT: Well, you have already covered the
4 letter.

5 A Yes, sir. I did. I had conversations with
6 someone else pertaining to these documents.

7 Q Who else was there?

8 A A gentleman by the name of Klaver, from Montreal,
9 Canada.

10 Q Who was Mr. Klaver from Montreal?

11 A Mr. Klaver from Montreal was a friend of Mr.
12 Parness'.

13 Q When did you meet Mr. Klaver for the first time?

14 A I believe I met him previously to that particular
15 visit. I had seen him there several times. He and his
16 family were there.

17 Q On the Island of St. Maarten?

18 A Yes, sir, in my hotel.

19 Q Were you ever present at or did you hear any
20 conversation between Mr. Klaver and Mr. Parness at any
21 time?

22 A Yes, sir.

23 Q Can you tell us about the circumstances of that
24 and what occurred?

25 A (No response.)

1 eb:mg 4

Goberman-direct

2 Q Was that about this time, June of 1971?

3 A Yes, sir.

4 Q Can you tell us where you were when you heard
5 this conversation?

6 A I was in one of the offices in the hotel.

7 Q And where were Mr. Parness and Mr. Klaver?

8 A They were in an adjoining office.

9 Q How did it happen that you heard the conversa-
10 tion?

11 A You could overhear or you could hear one office
12 to another through the air duct openings in the wall.

13 Q Can you tell us what Mr. Parness said and what
14 Mr. Klaver said during this conversation?

15 A Yes, I believe I can.

16 Mr. Klaver said, "What are we going to do with
17 Allan?"

18 And Mr. Parness said, "Bleep Allan."

19 And Mr. Klaver said, "Well, you won't get away
20 with that. I'm sure that the hotel owes him money for
21 building the hotel."

22 "Well, you work this out, Bernie." That's Mr.
23 Klaver.

24 Q We have Mr. Parness now speaking --

25 A "You work it out. You know more about these

1 eb:mg 5 Goberman-direct

2 things than I do. We are going through with this stock
3 offering in Canada, and you work it out. That's your
4 business. You find a way of working it out."

5 And Mr. Klaver said, "Well, let me give this some
6 thought and I believe I can come up with a plan."

7 Q Was that the last of the conversation that you
8 heard?

9 A That might have been the last that day but there
10 was subsequently more conversation along that line, I be-
11 lieve the very next day, when they had another meeting and
12 at that time I overheard Mr. Klaver outlining to Mr. Parness
13 his plan of deceit, I suppose, you could call it --

14 MR. COHN: Your Honor.

15 THE COURT: Tell us what he said rather than
16 characterizing it.

17 What did he say?

18 A "Here's how we are going to deceive the stock
19 issue in Montreal, in Quebec. I propose to do as fol-
20 lows. I propose to have Allan -

21 MR. COHN: Excuse me, your Honor.

22 Could we have a bench conference, please?

23 THE COURT: Come up.

24 (At the side bar.)

25 MR. COHN: As I indicated to your Honor in

1 eb:mg 6

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2 chambers yesterday, the government's trial memorandum, I
3 strenuously object to this business with the Quebec Securi-
4 ties Commission and deceiving somebody in a stock issue,
5 not one word of which is in the indictment or the bill of
6 particulars in this case.

7 THE COURT: I think I will allow it because I
8 suppose there's a question here of intent, and knowledge,
9 and I think I will receive it on that basis.

10 MR. COHN: If I may respectfully ask, on what?

11 THE COURT: On his knowledge and intent when he
12 was doing these things. I think it is relevant to that.

13 MR. COHN: May I have an objection and an ex-
14 ception noted?

15 THE COURT: Surely.

16 (In open court.)

17 Q You may continue, Mr. Goberman.

18 You were asked to tell the ladies and gentlemen
19 of the jury about the conversation that you overheard be-
20 tween Parness and Klaver.

21 THE COURT: I think this is the second conversation,
22 isn't it?

23 MR. McGUIRE: That is correct.

24 A Mr. Klaver outlined to Mr. Parness his plan of
25 attack, let us say.

1 e:mg 7

Goberman-direct

2 That was to have me sign certain notes where I
3 give up the rights to any obligation that the hotel might
4 have to me, and that I was to agree that I had made a deal
5 in 1969 with this particular Bahamian corporation which,
6 of course, was not true, and that that would overcome the
7 matter of the possibility of him being questioned as to what
8 happened to the indebtedness of the hotel, if any, to my-
9 self.

10 Q Now, after that conversation which you overheard,
11 did anything happen with respect to these matters?

12 A I would say that a day or two at the most after
13 that the documents you have in your hand is a result of
14 the last conversation between Mr. Klaver and Mr. Parness.

15 MR. MCGUIRE: We offer Exhibits 84 and 85 for
16 identification in evidence.

17 MR. COHN: No objection.

18 THE COURT: All right. They will be received.

19 (Government's Exhibits 84 and 85 received in
20 evidence.)

21 MR. COHN: Your Honor, I might say that that is
22 on the same basis as I outlined to your honor before.

23 THE COURT: Yes. I understand.

24 MR. MCGUIRE: Exhibit 84 is a series of photo-
25 copies of promissory notes all of which bear the date

xx

1 eb:mg 78

Goberman-direct

2 November 15, 1970.

3 Q Now, Mr. Goberman, did you sign any promissory
4 notes on November 15, 1970, as contained in Exhibit 84?

5 A No, sir.

6 MR. McGUIRE: The first ten notes are for \$150,000
7 apiece.

8 The last one is for \$1,500,000.

9 They all bear interest at 3% per annum, and they
10 read: "On November 15, 1970, we promise to pay to the
11 order of the bearer the sum of" exactly what the amount
12 of the note is in each case.

13 "St. Maarten Isle Hotel Corporation, N.V., signed
14 Allan N. Goberman, Managing Director."

15 Exhibit 85 is a letter on the stationery of Allan
16 N. Goberman, Lancaster, Pa.

17 Q Mr. Goberman, so there is no mistake, this letter
18 was not sent from Lancaster, Pa., is that correct?

19 A This letter was never sent at all. It was typed
20 in St. Maarten at the time we are referring to.

21 MR. McGUIRE: It is addressed to the Development
22 Co. Ltd. Nassau, The Bahamas, and it says:

23 "Gentlemen:

24 "This is confirming our oral understanding and
25 agreement in regard to my sale to you of a \$3 million

1 3g:MT 9

Goberman-direct

2 indebtedness due to me by the St. Maarten Isle Hotel, N.V.,
3 for services rendered, goods and chattels used in the
4 construction of said hotel.

5 "Pursuant to our understanding, I agree to accept
6 in return for this assignment of said indebtedness 300,000
7 shares of Global Electronics, Inc. common stock."

8 Q Did you ever receive, Mr. Goberman, any common
9 stock of Global Electronics, Ltd.?

10 A Yes, sir.

11 Q Global Electronics, Inc., I guess.

12 A Yes, sir.

13 Q Are those the certificates that are attached to
14 Exhibit 85?

15 A Yes, sir.

16 Q You have looked at them?

17 A Yes, sir. I recognize them.

18 Q The stock powers are attached?

19 A Well, I never paid too much attention to them.
20 Mr. Parness handed me these at a later date and I just put
21 them in the drawer and forgot about them.

22 Q Did you ever make any agreement with anybody to
23 exchange \$3 million of indebtedness from the hotel for
24 these 300,000 shares of common stock of Global Electronics,
25 Inc.?

1 eb:mg 10

Goberman-direct

2 A No, sir.

3 Q Did you ever find out what Global Electronics, Inc.
4 was?

5 A I never attempted to find out. I didn't think
6 they were worth the paper that they were printed on.

7 THE COURT: No. No. Answer the question, sir.
8 You never attempted to find out?

9 THE WITNESS : Because --

10 THE COURT: And nobody ever hold you anything
11 about it?

12 THE WITNESS: Yes, sir, they did. Mr. Parness
13 told me about it. He said it was good stock.

14 THE COURT: He told you it was good stock?

15 THE WITNESS: Yes, sir. It was supposed to be
16 worth \$3 million.

17 Q Now, prior to signing these notes and this letter,
18 did you have any conversation personally with Parness?

19 A With reference to what?

20 Q With reference to those documents?

21 A Yes.

22 Q Where did that conversation take place?

23 A In St. Maarten.

24 Q And who was present?

25 A I don't recall who was present at that time.

1 eb:mg 11

Goberman-direct

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2 Q You and Mr.Parness, at least?

3 A At least, yes, sir.

4 Q And what was the conversation, please?

5 A Are you referring to a conversation that might
6 have something to do with this transaction?

7 Q Yes.

8 A I don't believe we had a conversation referring
9 to this transaction.

10 THE COURT: You don't recall it?

11 THE WITNESS: I don't recall if we did, until
12 the time came for me to sign the papers.13 I had already known what was going on by over-
14 hearing it. Then when the papers were handed to me, I
15 knew what was intended.16 Q When the time came for you to sign the papers,
17 did you have a conversation?18 A Not too much."Here are some more papers. Sign
19 them."

20 Q Did you protest?

21 A I believe I was past that time, all facilities, if
22 I may use that word, to protest with Mr. Parness any
23 longer because I knew --24 MR. COHN: Your Honor, may we get the conversa-
25 tion?

1 eb:mg 12

Goberman-direct

2 THE COURT: Yes.

3 A I didn't protest. There was no sense in protest-
4 ing.

5 THE COURT: All right.

6 THE WITNESS: It was all over.

7 THE COURT: All right.

8 Now we will take our luncheon recess.

9 MR. McGUIRE: May I ask one or two more ques-
10 tions, your Honor? It won't take long.

11 THE COURT: All right.

12 Q Have you ever been threatened, Mr. Goberman?

13 MR. COHN: Can we find out by whom, your Honor?

14 THE COURT: Yes.

15 I think I will sustain the objection to that
16 question.

17 Q Have you been threatened by Milton Parness?

18 A Yes, sir.

19 Q When did that happen?

20 A On several occasions in St. Maarten and also
21 once at 1650 Broadway.

22 Q And were you threatened in connection with signing
23 this series of documents you have just testified about?

24 A These documents may have been part, that I refused
25 to sign. I know when I refused to sign documents placed

1 eb:mg 13

Goberman-direct

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2 before me with orders to sign, I was threatened, "Sign."

3 Q Or else what?

4 A Or else you will be --

5 MR. COHN: This might be dramatic but I think
6 Mr. McGuire ought to pose the question properly.

7 THE COURT: Yes.

8 You say you were threatened. What do you mean by
9 that?

10 THE WITNESS: My life was threatened by Mr.
11 Parness on various occasions, your Honor.

12 BY MR. MCGUIRE:

13 Q What did he say to you specifically, if you re-
14 call, on the first of these occasions?

15 MR. COHN: Could we have the time and place
16 fixed and who was present at these alleged threats?

17 THE COURT: Yes, I think that is proper.

18 Q Try to the best of your recollection to tell us
19 when this happened and who was present.

20 A Well, clearly in my mind around the time you
21 are referring to, Mr. Blandino and I went into Mr. Parness'
22 room, I had been handed papers, I believe it was the
23 Bahamian papers by the young lady who typed them - Mr.
24 Parness said "Sign these," and Mr. Blandino was beside
25 me, and I said, "John, I'm not going to sign these papers."

1 eb:mg 14

Goberman-direct

2 I'm about through signing papers because I'm out anyway.
3 I'm not getting the \$500 weekly checks anyway. What
4 am I doing here?"

5 So we went into Mr. Parness' room, and I said,
6 "I'm not going to sign this paper."

7 And Mr. Blandino was there at that time.

8 He said, "You sign them or you will be found
9 floating out there in the Caribbean tomorrow morning."

10 THE COURT: All right.

11 We will take our luncheon recess, ladies and
12 gentlemen, and we will reconvene at a quarter past two,
13 and please remember not to discuss the case with anyone in
14 the meantime.

15 (Jury left the courtroom.)

16 THE COURT: Very well, gentlemen.

17 (Luncheon recess.)
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AFTERNOON SESSION

2:15 p.m.

(Robing room conference not recorded.)

(In open court; jury present.)

A L L A N G O B E R M A N , resumed.

THE COURT: You may proceed, Mr. Mc Guire.

DIRECT EXAMINATION CONTINUED

BY MR. MC GUIRE:

Q Mr. Goberman, before we broke you were telling us about a conversation that you had with Milton Parness. Did Mr. Parness threaten you on more than one occasion?

A Yes, sir.

Q On how many times?

A Possibly four more times.

Q Was that before or after this one incident that you spoke of with respect to the Development Corporation, the Bahamas Corporation?

A Before that time.

Q Before that time?

A Yes, sir.

Q Where did those threats take place?

A Once in New York, 1650 Broadway.

THE COURT: When was that, sir?

jqbr

Goberman-direct

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THE WITNESS: That would be approximately a month prior to the time we referred to.

Q What did Mr. Parness say to you on that occasion?

MR. COHN: Who was present?

THE COURT: Will you tell us who was present on that occasion?

THE WITNESS: No, sir, there was no one else present on that occasion.

THE COURT: Just the two of you?

THE WITNESS: Yes, sir.

This was in the office of the hotel, the hotel office.

THE COURT: This was up in New York?

THE WITNESS: Yes, sir, 1650 Broadway.

It seemed that Mr. Parness had received some sort of formal notification --

THE COURT: Please don't tell us that. Tell us what he said to you at that time, please, sir.

THE WITNESS: He accused me of being instrumental because he received a letter --

THE COURT: He said he received a letter?

THE WITNESS: He received notification he told me from the government of the Antilles telling him he was persona non grata and was not allowed to be on the island

jqbr

Goberman-direct

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or any of the island of the Antilles any longer and he was extremely angry with me and accused me of being the perpetrator of this particular act of advising the government --

MR. COHN: May we approach the bench?

THE COURT: All right.

(At the side bar:)

MR. COHN: Your Honor, first of all, I want to make a motion for a mistrial based upon this last answer and the injection in front of a jury of a highly prejudicial matter that the government asked him to leave the island which is not a matter of fact. That is done and I realize the damage is done.

THE COURT: He says --

MR. COHN: He is giving a conversation, I know that. But he couldn't say, during the course of the conversation drag anything in that would prejudice the jury. Your Honor has to balance equity. If he is going to bring in things that are irrelevant --

THE COURT: As long as he refers to what he says, and be sure you keep him to what Mr. Parness said.

MR. COHN: I hope Mr. Mc Guire has taken care of this. If there is any reference of a prior record on the part of Mr. Parness this case is out the window.

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Goberman-direct

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MR. MC GUIRE: We can have your Honor caution the witness if that is appropriate.

THE COURT: I don't know if that is particularly appropriate. I would ask that you ask the witness to confine himself to what Mr. Parness said. Would you do that?

MR. MC GUIRE: Yes.

THE COURT: Okay.

(In open court:)

MR. MC GUIRE: In light of what Mr. Cohn said at the side bar may I confer briefly with the witness?

THE COURT: Surely.

(Pause.)

Q Do you recall the question, Mr. Goberman?

A I beg your pardon?

Q Do you recall the question?

A I believe I remember the question.

Q Can you answer it?

A He was very violently upset --

MR. COHN: Could we get the conversation instead of a characterization?

THE COURT: Yes. Just tell us if you would -- you say this was at the offices of 1650 Broadway and you say that Mr. Parness was upset and what did he say?

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Goberman-direct

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THE WITNESS: He said that you were the cause of keeping me off the island. He had asked me to come into the office that morning and I did, I drove in. He said you were the cuase of this and I said I was not because this has happened once before.

THE COURT: Never mind. You said you were not the cause of it?

THE WITNESS: That is right, sir.

THE COURT: Then what happened?

THE WITNESS: Once again he accused me.

THE COURT: What did he say?

THE WITNESS: I denied it, that wasn't sufficient for him. He started walking out of the office toward the elevator. This was a Saturday morning and there was no one there. I went after him and I said "Milt, I have like \$6 in my pocket. You asked me to come up here, the least you can do is let me have enough money that I can travel back in safety."

He became profane and threatened to throw me down the elevator shaft, get out of here, you are a bum and bleep, bleep, bleep and so forth and grabbed me and pushed me aside and got on the elevator and left me stranded there.

Q Were there any other threats, Mr. Goberman?

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Goberman-direct

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2 A Yes. He accused me of breaking in --

3 THE COURT: Where was this?

4 THE WITNESS: St. Maartens prior to thio.

5 A He accused me of breaking in --

6 MR. COHN: Excuse me. I hate to bother you
7 again but Mr. Mc Guire will understand why.

8 (At the side bar:)

9 MR. COHN: Your Honor, this whole threat business
10 came up between the first and second indictments.
11 We asked for in particular, as to the occasions when
12 threats were made, who was present. Because this was
13 an important point. We received a bill of particulars which
14 did not contain any of these threats being testified to
15 with the exception of the first one to which I did not
16 make objection.

17 I therefore now ask the government to desist from
18 eliciting any threats which were specifically acquired
19 of and agreed to be furnished in the bill of particulars and
20 are not in the bill of particulars.

21 MR. MC GUIRE: The purpose of this offer, your
22 Honor, is to show the witness' state of mind and the fact
23 that he was in actual fear.

24 MR. COHN: This is not a Carbo case where you
25 show the witness' state of mind. Your Honor said he

1 jgbr
2 Goberman-direct
3 could show Mr. Parness' intent. When they start adducing
4 threats which were specifically called for and not listed
5 in the bill of particulars "we got the business but you
6 won't be found tomorrow, you will be in the Caribbean."
7 Now he has a second which is not in the bill and I wonder
8 if we don't have enough of these.

9 THE COURT: I think I will sustain the ob-
10 jection to that.

11 (In open court:)

12 Q When Mr. Parness threatened you were you in
13 actual fear, Mr. Goberman?

14 A Yes, sir.

15 Q Did you ever see Mr. Parness threaten anybody
16 else?

17 MR. COHN: Your Honor, that is objected to.

18 THE COURT: I will let him answer that, if he
19 did.

20 THE WITNESS: Not in the exact manner that he
21 threatened me.

22 THE COURT: That wasn't the question.

23 THE WITNESS: I beg your pardon?

24 THE COURT: That is not the question.

25 Did you ever see him threaten anybody else in your
presence?

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Goberman-direct

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THE WITNESS: I don't recall whether he did
or not.

Q Mr. Goberman, I would like to show you a book
which I would like marked as the next government exhibit.

(Government Exhibit 193 was marked for
identification.)

Q I show you Exhibit 193 for identification. Do you
recognize it, sir?

A Yes, sir.

Q I direct your attention particularly to the
tab in this looseleaf book which is labelled Pictures. Do
you recognize the material under that tab?

A Yes, sir.

Q Can you tell the jury what those pictures are?

A They are pictures of the hotel.

Q The St. Maarten Isle Hotel?

A That is right.

Q Do they favorably represent the hotel's appear-
ance?

MR. COHN: If Mr. Mc Guire wants them in, I will
gladly have them in evidence.

MR. MC GUIRE: I offer them.

(Government's Exhibit 193 was received in
evidence.)

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Goberman-direct

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MR. MC GUIRE: If the Court please, may the jury have a chance to look at these pictures of the St. Maarten Isle Hotel?

THE COURT: I think they would be very much interested.

MR. MC GUIRE: May I hand them to the foreman, sir?

THE COURT: Surely.

I think we can proceed while the jury is looking at the pictures.

MR. MC GUIRE: I have no further questions.

t2 pm

eb:mg 1

Goberman-cross

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2 CROSS-EXAMINATION

3 BY MR. COHN:

4 Q I might ask you this, Mr. Goberman.

5 When you overheard some conversations between
6 Mr. Parness and someone, what room were you in and what
7 room were the people having the conversation in with ref-
8 erence to this hotel?

9 A I was in the office that was originally my of-
10 fice that Mr. Levrey took over from me.

11 Q When Mr. Levrey came down and became director,
12 he took over the office?

13 A When he was hired to become the manager, quite
14 some time before he became director.

15 Q Would you keep your voice up a bit?

16 Where is this office located physically? In
17 other words, I'd like to know where were you -- I think
18 you said you heard something through an air duct?

19 A Yes.

20 Q Where were you at that time?

21 A The office was off the main open lobby. As you
22 enter into the lobby you enter into an open lobby, and
23 the office is to the left.

24 Q Have you been there?

25 A Yes, I have.

1 eb:mg 2

Goberman-cross

2 THE COURT: Well, the jury and I haven't been
3 there so you better be more specific.

4 THE WITNESS: I'm sorry they weren't invited to
5 a junket.

6 THE COURT: Well, tell us where the office is.

7 THE WITNESS: If I had the pictures, I could
8 help you.

9 Q Well, let me see if I can help you.

10 A You enter into an open lobby and as you keep on
11 walking you bump into a railing and there in front of you
12 is a swimming pool and the sea.

13 Q Why don't you stick to the office?

14 A Then you would turn around and come back to the
15 registration desk.

16 Q And there is like a -

17 A And to the left of the registration desk is an
18 office.

19 Q All right.

20 Now who was in the office?

21 A That is the office that I put together for Mr.
22 Parness.

23 Q Where were the people having this conversation?

24 A In that office.

25 Q In that office?

1 eb:mg 3

Goberman-cross

2 A Yes, sir.

3 Q And where were you?

4 A Then, as you go through past the registration
5 desk, the main, my office, the one that Levrey took over,
6 was in that portion and it adjoined the office that Mr.
7 Parness was using.

8 There was a common wall between the two.

9 Q I see. And there was an air duct, you say, and
10 you heard through it?

11 A There are open ducts in the wall, between the
12 two.

13 Q When was this? About what time of year was this?

14 A Which conversation are you referring to now, Mr.
15 Cohn?

16 Q I believe you only spoke as to two conversations
17 on successive days which you heard Mr. Parness and Mr. Klaver
18 in and what they were saying from another office, and
19 their voices were coming through an air duct.

20 A Yes. I believe that was the time that--

21 Q Give me a month.

22 A I'm not sure. I think it was the latter part of
23 May or the early part of June.

24 Q What is the weather like in St. Maarten then?
25 Warm?

1 eb:mg 4

Goberman-cross

2 A I think the weather is beautiful there all year
3 'round.

4 Q Was it 'warm then?

5 A Yes.

6 Q Was air conditioning in use?

7 A Yes.

8 Q The air conditioning comes through these air ducts?

9 A No, sir. These are not the air conditioning ducts.

10 Q There are some other ducts?

11 A Yes, sir.

12 Q What are those other ducts?

13 A I beg your pardon?

14 Q What are the other ducts?

15 A These are just ventilating ducts.

16 Q Ventilating ducts?

17 A Yes, sir.

18 Q In other words, there's two sets of ducts?

19 A If I may explain this to you, sir?

20 Q Please do.

21 A The wall was a thin wall, a paneled wall, a wooden
22 paneled wall, and it had one opening. The whole thing
23 wasn't more than four to six inches deep, and it had two
24 little what I call air ducts. It was more or less to
25 return air from one to another. It was not part of the

1 eb:mg 5

Goberman-cross

2 mechanical air ducts that the air conditioning went
3 through, if that is what you are referring to.

4 Q Did you listen in on a lot of conversations be-
5 sides these two under those same circumstances?

6 A I tried not to listen to conversations but I could
7 hear people talking.

8 Q You tried not to but -

9 A When my name was mentioned, I became interested
10 naturally.

11 Q And you were able to hear distinctly from one of-
12 fice to another the words you repeated to us here this
13 morning?

14 A I don't think we were more than six to eight feet
15 apart. Yes, I heard distinctly enough to understand
16 what was going on, to answer your question.

17 Q The thrust of your testimony on direct examination,
18 as I understand it, Mr. Goberman, and would this be fair
19 to say, is that before you met Mr. Parness, which was in
20 the fall of 1970, namely, around 1967, you were a multi-
21 millionai~~r~~ worth two and a half to three million dollars
22 and that now, as a result of the dealings with Mr. Parness,
23 and the junketeer, you are living on Social Security;
24 is that fair?

25 A I don't think it is fair at all.

1 eb:mg 6. Goberman-cross

2 MR. McGUIRE: I object to question in that
3 form.

4 Mr. Cohn is obviously able to put a question in-
5 stead of making a speech.

6 THE COURT: Right.

7 A You mentioned 1967, Mr. Cohn.

8 MR. COHN: Your Honor, should I try to break it
9 down?

10 THE COURT: Yes.

11 Q See if I can do it this way.

12 Do you recall testifying under direct examination
13 yesterday -- this is page 4 of the record, Mr. McGuire --
14 where you asked the following questions right near the
15 beginning of your examination, and did you give the fol-
16 lowing answer:

17 "Q As of 1967, what would you say you were worth
18 in terms of net worth?

19 "A About two and a half to three million dollars."

20 Do you recall being asked that question and giving
21 that answer?

22 A Yes, sir.

23 Q Was that a true answer?

24 A Yes, sir.

25 Q By the way, for the sake of the jury and some of

1 e b:mg 7

Goberman-cross

2 us, by saying "net worth," you mean subtracting all of your
3 liabilities from all of your assets and this is how much
4 money you were worth? That is what net worth means,
5 doesn't it?

6 A That's right, sir.

7 Q All right.

8 So as of 1967 you had a net worth of two and a
9 half to three million.

10 Then Mr. McGuire went ahead and said:

11 "Q What are you worth today?

12 "A I am living on my Social Security check which is
13 my only means of income."

14 Did you make that answer?

15 A Yes, sir.

16 Q Doyou blame that on Mr.Parness? Yes or no?

17 A I don't know what you mean by blaming it on Mr.
18 Parness.

19 Q Was the thrust of your testimony in those two
20 questions --

21 A By my being broke, you mean?

22 Q Yes.

23 A Yes. I blame that on the fact -

24 Q That's an answer.

25 A I beg your pardon?

1 eb:mg 8

Goberman-cross

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2 Q That's an answer.

3 A May I finish the answer to your question?

4 Q Surely. Any time.

5 By the way, in the course of any of my questions,
6 if you feel I haven't given you a fair opportunity to
7 answer the question put to you, please --

8 THE COURT: Let's not go into it.

9 Go ahead.

10 A I had to make good on the loans that I made, like
11 I always had. I have always made my loans good to the
12 banks in a period of 30 years, and when Mr. Parness stole
13 the hotel away from me, I was obligated to pay those loans
14 back and the banks used the securities that I gave them,
15 my nome, I had insurance policies worth a hundred thousand
16 dollars, I had a home worth two hundred thousand dollars,
17 all these things were lost in order to repay the bank.

18 Q Right.

19 So then the answer to my question is yes?

20 A Yes, I blame Mr. Parness quite certainly, yes.

21 Q And, of course, therefore in your testimony here
22 on the stand you bear no goodwill toward Mr. Parness, do
23 you?

24 A I bear no ill will against anyone.

25 Q I see. But you bear no specific ill will against

1 eb:mg 9

Goberman-cross

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2 Mr.Parness?

3 A I feel sorry for Mr. Parness.

4 Q Thank you, sir.

5 Now, you feel sorry for him because he is a de-
6 fendant?

7 THE COURT: Never mind that.

8 A No.

9 I think he is sick. I feel sorry for him.

10 Q Passing the question of his health for a moment,
11 have you said that if Mr. Parness had played ball with
12 you, none of this would have happened and he wouldn't be
13 sitting here?

14 A I don't know what you mean by "played ball."

15 Q Did you use those words?

16 A I might have used them but I don't know what you
17 mean.18 Q Did you say to anybody "If Milton Parness had
19 returned my phone call and worked something out with me,
20 he wouldn't be sitting here today"?21 A No. I know what you are referring to and I did
22 not say that.

23 Q You didn't ?

24 A No.

25 Q Did you say that -- by the way, do you know a

1 eb:mg 10

Goberman-cross

2 lawyer named Mr. Lawrence Faigin, who is a partner in the
3 Wall Street firm of Willkie Farr & Gallagher?

4 A Yes. You asked me that before.

5 MR. MCGUIRE: I object to the question just as
6 a matter of form. The man was not a partner.

7 MR. COHN: I said who was at that time.

8 THE COURT: Well, I don't care whether he was a
9 partner or not.

10 MR. COHN: Your Honor, He has since moved to
11 Atlanta and is practicing law there.

12 THE COURT: All right. Go ahead.

13 Q Do you know Mr. Faigin?

14 A I have met him.

15 Q Did you say to Mr. Faigin, in words or in sub-
16 stance, that if Mr. Parness paid you some money, that
17 would be fine; if he didn't pay you some money, he was
18 going to be in plenty of trouble with the government?

19 A No, sir.

20 Q You didn't?

21 A No, sir. I know what you are referring to and
22 I know the conversation you are referring to --

23 THE COURT: Well, he said, he has answered it
24 now, Mr. McGuire.

25 MR. MCGUIRE: So that I don't have to keep

eb:mq 11

bouncing up, your Honor, when Mr. Cohn asks about conversations, I wish he would attempt to direct the witness to a time and place if possible.

THE COURT: He was doing the same thing with you,
so that's fair enough.

Q Now, Mr. Goberman, do you recognize this gentleman sitting here next to Mr. Parness?

A Yes.

Q He is a partner of mine named Michael Rosen.

A Yes.

Q Did you have occasion to have a conversation with him within the last few days in this courthouse?

A Yes.

Q He came down to Mr. McGuire's office to pick up some documents they had between them and you were there?

A Yes, sir.

Q Did you have occasion to have a little conversation with Mr. Rosen?

A He said he wanted to speak to me.

Q Did you speak to him?

A I didn't know who he was until he identified himself.

Q And then he identified himself and you knew who he was?

1 eb:mg 12

Goberman-cross

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2 A Yes.

3 Q Did you say to Mr. Rosen, "If Milton Parness had
4 done what I wanted and had called me back, he wouldn't
5 be here today"?

6 A No, no, not at all.

7 Q You didn't say that?

8 A I said, "Mr. Rosen, first I have to find out
9 whether I am allowed to talk to you," and I went back into
10 the office of Mr. McGuire.

11 Q My question was just this: Did you say to Mr.
12 Rosen, in words or in substance, "If Milton Parness had
13 returned my phone call and done what I wanted, he
14 wouldn't be here today"?

15 A No, sir. I know what I told him and these words
16 have been twisted, Mr. Cohn.

17 Q All right.

18 Now, the fact is, you were hopelessly broke
19 before you ever heard the name Milton Parness, isn't it
20 so?

21 A That is not the fact. You are wrong when you
22 make that statement.

23 Q All right, sir.

24 How much money did you owe in November 1967?

25 A (No response.)

1 eb:mg 13

Goberman-cross

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2 Q You, your companies, Goberman Construction, any
3 entities which you had, how much money did they owe to
4 employees, grocers, contractors, banks, and everybody else
5 before Milton Parness assumed any active role in your
6 casino?

7 MR. McGUIRE: I object to that question.

8 A I could answer --

9 MR. McGUIRE: I object to it in form as well
10 because Mr. Goberman's testimony hasn't reflected that
11 as the date on which Parness--

12 THE COURT: Well, I think I will let him answer
13 the question. He said he can answer it.

14 What is the answer to that question?

15 How much did you owe?

16 A You can't answer one-- that has to be a two-part
17 question.

18 THE COURT: Okay.

19 THE WITNESS: In other words, your Honor, what
20 did I own against what I owed.

21 THE COURT: Of course, that is fair enough.

22 THE WITNESS: I don't want to be cut off when I
23 say I owe a million and a half dollars..

24 THE COURT: You are quite right.

25 THE WITNESS: Do you want me to give you a

eb:mg 14

Goberman-cross

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balance sheet as of that time?

Q Without taking the time, I would like to have you tell us in November 1967, which is the time, as I understand it, Mr. Parness took over from Mr. Ferrara, is that about right?

A Right. Okay.

Q My question was, how much money you owed and after that I will ask you about what you say are assets with which you could have paid those loans.

A I would have to have a pencil and paper in order to answer that.

Q Could you estimate it for the jury?

A No. I would have to add it up and therefore I need a pencil and paper.

Q Was it millions?

A Yes, it would run into millions.

We have overlooked, Mr. Cohn, in all our conversations, the fact that in addition to owning the hotel, I also owned a nursing home worth five million dollars, and I also owned one hundred four senior apartments, senior citizen apartments. They were worth a million and a half dollars.

Q That nursing home was the one you financed based upon a false statement you submitted to the bank?

1 eb:mg 15

Goberman-cross

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2 A No, sir.

3 Q A different one?

4 A No. It is the same nursing home but it was not
5 financed upon a false statement issued to the bank.

6 Q Now, let me put it to you this way:

7 Would you say that prior to the time Mr. Parness
8 came into your life as the successor to Mr. Ferrara in
9 organizing these junkets, or as a junketeer, that you were
10 certainly in financial difficulty considering assets,
11 liabilities and everything?12 A No, I wouldn't say that. I had a net worth of
13 over two and a half million dollars at that time. I would
14 say that any individual businessman who tries to do the
15 things that I did wouldn't possibly be as comfortable as
16 a large corporation would under the same circumstances.17 Q I understand that, but you certainly weren't
18 in financial difficulty?

19 A I wouldn't consider that, no.

20 Q And you didn't have unpaid contractors who you
21 were unable to pay?

22 A No, you are wrong.

23 Q All right, sir. I can only ask a question.

24 THE COURT: Don't say he is wrong. Just say you
25 didn't.

eb:mg 16

Goberman-cross

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1 A I didn't.

2 Q Mr. Goberman, are you in the habit of lying under
3 oath?

4 A No, sir.

5 Q When did you start your business career, in what
6 year?

7 A In 1936.

8 Q And you were convicted of perjury in that very year,
9 wren't you, sir?

10 A Yes, sir.

11 Q And that conviction for perjury has been followed
12 by two other convictions in federal court, hasn't it?

13 A Yes, sir.

14 Q One conviction for filing a false financial
15 statement?

16 A Yes, sir.

17 Q And another conviction for filing false tax re-
18 turns, is that right?

19 A That is correct.

20 Q Now, leaving that for a moment, I want to turn--

21 A I prefer not leaving that, your Honor. I would
22 like to be able to explain it.

23 THE COURT: You will have your opportunity on re-
24 direct examination.
25

1 eb:mg 17

Goberman-cross

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2 THE WITNESS: All right.

3 Q Now, Mr. Goberman, you had a partner down in St.
4 Maarten called Louis Hoffman, didn't you?

5 A No, sir.

6 Q You didn't?

7 A No, sir.

8 Q Was he a stockholder of the St. Maarten Isle
9 Hotel along with you?

10 A Mr. Patz and Mr. Gensler were the partners or
11 owners of the stock.

12 Q Did there come a time when Mr. Hoffman asserted
13 a claim to some of that stock?

14 A He claimed that they gave him the stock. He was
15 their attorney.

16 Q Did he institute a suit against you in the United
17 States District Court for the Eastern District of Pennsyl-
18 vania?

19 A Yes, sir.

20 MR. MCGUIRE: Your Honor, I object and ask that
21 Mr. Cohn not be permitted to go into matters of civil
22 litigation between Mr. Goberman and other people.

23 THE COURT: He is not going into it but he can
24 ask if Mr. Hoffman did institute suit.

25 MR. MCGUIRE: I object on the ground of relevance.

1 eb:mg 18

Goberman-cross

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2 THE COURT: All right, this shows the relation-
3 ship between the parties.

4 MR. COHN: Your Honor, it is to lay the founda-
5 tion for a prior contradictory statement.

6 THE COURT: All right.

7 Q Do you recall that suit brought by Hoffman against
8 you?

9 A Yes, sir.

10 Q In Pennsylvania?

11 A Yes, sir.

12 Q And after Hoffman sued you, were you required
13 to give a deposition?

14 A I gave a deposition.

15 Q And was that deposition under oath? Were you
16 sworn to tell the truth?

17 A I believe it was, yes, sir.

18 Q And you regarded that oath as sacred as the oath
19 you took here, did you not?

20 A Yes, sir.

21 Q Good.

22 And did you say, in the course of that deposi-
23 tion, that as far back as August, 1970, you were in finan-
24 cial difficulty and couldn't pay your contractors?

25 A I might have said that at that time; yes, sir.

1 eb:mg 19
2 Q You might have said it.

3 Didn't you just tell the jury on the stand right
4 now, from this stand a few minutes ago, that up to November
5 1970, you were not in financial difficulty and you could
6 pay your contractors?

7 A Yes, sir.

8 Q You want to leave it at that?

9 A Not necessarily.

10 Q Now, as a matter of fact, after Mr. Parness took
11 over the junket operation, he supplied a lot of money,
12 not only to the casino, but to pay bills for you and the
13 hotel, didn't he?

14 A He did not.

15 Q None at all?

16 A The money that he supplied came from the collec-
17 tions out of the casino, out of the junkets. He never
18 supplied any of his own money.

19 Q Were you in a position to know what was or what was
20 not collected from outstanding markers?

21 A For most of it, yes.

22 Q When you testified here the other day, or I guess
23 it was yesterday, about there being \$350,000 in outstanding
24 markers, do you know what was collectible and what was
25 not collectible?

eb:mg 20

Goberman-cross

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1 A (No response.)

2 Q Do you know of your own knowledge, sir?

3 A I would say that it should all be collectible.

4 Q Is it your testimony to the jury that all markers
5 given by people who lose money in a gambling casino are
6 collectible?
7

8 A I don't know that much about casino operations but
9 prior to Mr. Parness stepping into that position, Mr.
10 Ferrara always collected the money that was due and I am
11 basing it on my past experience.

12 Q Haven't you said in the past that Mr. Ferrara
13 stole money from you?

14 A Yes, sir.

15 Q He collected it and then he stole it?

16 A No, sir, I didn't say that. Mr. Ferrara had his
17 own way of stealing. He didn't steal it out of the col-
18 lections. That was Mr. Parness' act.

19 Q He stole it out of something else?

20 A He stole it out of air fares that I didn't know
21 anything about.

22 Q Do you think everybody that you do business with
23 wrongs you in some way?

24 A Oh, no. I think the average person is honest.

25 Q You have just run against a whole bunch who are not

1 eb:mg 21

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2 honest?

3 A I think I have run into some crooks, yes, sir.

4 Q Have people who have dealt with you always been
5 crooks?

6 A No, sir, Mr. Cohn.

7 Q Do you want to say something else?

8 A Yes, I would like to.

9 Q Go ahead.

10 A Mr. Cohn, I was in business for 30 years, and
11 always enjoyed a good reputation. I was in a position to go
12 to banks and borrow money, so there must have been some
13 substance over a period of years. I never cheated anyone
14 in my life.

15 Q You borrowed money from banks based upon a false
16 financial statement?

17 A No, sir.

18 Q You were convicted of that.

19 A One time only. That is just one time only. That
20 is just a small part of my borrowing power.

21 Q The other borrowings were not on false financial
22 statements?

23 A No.

24 Q You --

25 MR. MCGUIRE: He doesn't need to badger this

1 eb:mg 22

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2 witness. I object to this.

3 THE COURT: Please don't comment about these an-
4 swers.

5 Q Is there anything more you want to say on this?

6 A I beg your pardon?

7 Q All right, I will ask another question.

8 You told us about some letters here this morning;
9 do you recall that, which you never read, and which were
10 prepared, and you don't know who prepared them.

11 Do you know the ones I am talking about?

12 A Yes, sir.

13 Q And do you remember I asked you in the few ques-
14 tions I had a chance to ask you then whether Mr. Faigin was
15 down there and had prepared these letters, do you recall
16 that?

17 A Yes, sir.

18 Q And I believe your testimony was you didn't re-
19 call him being there, you didn't recall him preparing
20 them and you had not even read the letters; do you recall
21 that?

22 A I wasn't sure whether Mr. Faigin was there at that
23 time.

24 Q And you said you had not read the letters?

25 A I read some of them. I read the others. There are

1 eb:mg 23

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2 two sets of letters there.

3 Q Well, I am just beginning to look at these now.

4 Let's see, there's one of --

5 THE COURT: Give the exhibit numbers, if you
6 will.

7 MR. COHN: Yes, your Honor.

8 Q The one I picked up first is 78. I might as
9 well give them all to you, Mr. Goberman.

10 Look at 78. Look at 77, first, and then 78.

11 We will do it that way.

12 (Pause.)

13 Q Have you looked at them?

14 A I beg your pardon?

15 Q Did you read those letters?

16 A 77, 78 and 79?

17 Q Right. Those three.

18 A I didn't read --

19 Q I understand, sir.

20 In other words, you were testifying accurately
21 when you said to Mr. McGuire that despite what the let-
22 ter of March 18, 1971 --

23 A There were some that were never mailed to me.

24 Q Sir, could you listen to my question?

25 A I will try to.

1 eb:mg 24

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2 Q The question is this:

3 When you said to Mr. McGuire this morning that
4 with reference say to Exhibit 78, which says that you
5 were being put on notice of default and it was dated March
6 18, 1971, you didn't read that letter and you never were
7 given notice on that date of the default?

8 A That's right.

9 Q When did you find copies of these letters?

10 A I don't remember the exact date but somewhere
11 along the line I ran into some copies.

12 Q Would you give us your best estimate?

13 A No, I don't recall.

14 Q When was it--

15 A It wasn't too important, Mr. Cohn.

16 THE COURT: Try to answer the question.

17 THE WITNESS: I cannot give him that answer.

18 THE COURT: You don't remember it?

19 THE WITNESS: I don't remember it.

20 Q Was it within a short time or a longer time?

21 A I don't remember. I had too many other things on
22 my mind that were more important.

23 Q You can't tell us whether it was two days or six
24 months?

25 A I have no recollection of that.

eb:mg 25

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Q Where did you come across it?

A I believe in St. Maarten.

Q And it is your testimony, I assume, that these letters were completely unauthorized by you and even though they bear your signature, these were among the papers that were just put in front of you?

MR. McGUIRE: Just a moment. I object to the question.

THE COURT: I think we are getting the exhibits confused here.

Please try to straighten it out, Mr. Cohn.

Q I am talking about Exhibit 77, Exhibits 78 and 79.

A They do not bear my signature. I just returned them to you.

Q Okay. And the ones that did bear your signature, the exhibits that did bear your signature, you didn't read them but these were in the category of papers that they just said, "Sign this," is that fair?

A No.

Q The letters giving you notice of default and all of that, your testimony is that you did not receive them on that date, you didn't see them?

A That is correct.

Q Mr. Goberman, you told us this morning, under

1 eb:mg 26

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2 Mr. McGuire's questioning, about a petition for bankruptcy
3 you and your wife filed, not you personally, but you and
4 your wife, a joint petition, is that correct?

5 A Yes, sir.

6 Q Now, when petitions for bankruptcy are filed and
7 affidavits are made in support of them, they are under oath,
8 aren't they?

9 A Yes, they are, sir.

10 Q And that is the same oath you have taken here on
11 the stand?

12 MR. MCGUIRE: May we have a side bar?

13 A I know it is taken under oath, yes, sir.

14 (At the side bar.)

15 MR. MCGUIRE: If I'm not mistaken, Mr. Cohn is
16 about to get into an area of cross-examination in which he
17 is going to examine Mr. Goberman about the contents of the
18 joint petition in bankruptcy.

19 MR. COHN: No, I can cut it short. Not at all.
20 I am going to impeach him with a prior sworn document in
21 which he said exactly the opposite from what he told us
22 on the witness stand about that exhibit in evidence.

23 THE COURT: Which exhibit?

24 MR. COHN: 78, your Honor. It is attached to
25 this, your Honor. He submitted it as an exhibit to his

1 eb:mg27

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2 petition and said it was handed to him on March 18, and
3 read by him, and so on and so forth.

4 THE COURT: All right, I see.

5 Do you want to see that?

6 MR. COHN: And this is not the same bankruptcy.
7 This is one of his others.

8 MR. MCGUIRE: Very well. I misunderstood the
9 import of the question.

10 (In open court.)

11 MR. COHN: Could you read the last question back,
12 please.

13 (Question read.)

14 Q You had sworn to tell the truth, is that correct?

15 A Yes, sir.

16 Q Now, in addition to the bankruptcy filed in behalf
17 of your wife and yourself, which was a voluntary thing,
18 is that correct?

19 A Yes, sir.

20 Q Weren't you the subject of an involuntary bank-
21 ruptcy proceeding, meaning when contractors of yours wanted
22 to throw you into bankruptcy?

23 A Not that I know of. You mean at that time?

24 Q At any time.

25 A Oh, I believe that Mr. Hoffman claimed that the,

eb:mg 28

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the attorney claimed that I owed him \$68, got two other small contractors and decided to -- I don't know what the legal term is but to --

THE COURT: Involuntary.

THE WITNESS: To put me into involuntary bankruptcy.

They filed a petition but they never went ahead on it.

jqbr 1

Goberman-cross

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Q And they did not go ahead. Did you file a response to that petition?

A I don't believe I did. I don't think I had an a-torney at that time.

Q If I show you a response to that petition in which you attached a copy --

THE COURT: Let us not get into that description. Do you have a document you want to show him?

MR. COHN: I sure do, your Honor.

THE COURT: Show him the document.

MR. COHN: May I have this marked.

(Defendants' Exhibit A was marked for identification.)

Q Mr. Goberman, would you please look at page 2 of Defendants' Exhibit A for identification and tell his Honor and the jury whether that is your signature?

THE COURT: The question is whether that is your signature.

THE WITNESS: Yes, this is my signature.

Q Would you now want to change your answer to the effect you did not file a response?

A I did not say I did not file a response. I said I was not sure I filed one.

1 jqbr 2

Goberman-cross

2 Q Having looked at this is your memory now refresh-
3 ed?

4 THE COURT: Give him a chance to look at it.

5 A I haven't looked at it. I have seen the name of
6 my former attorney who had my power of attorney to do
7 things like this. I would like to read this, if I may.
8 I don't recall the document.

9 Q Take all the time you want.

10 A Thank you.

11 Apparently there should be something else attached
12 to this.

13 THE COURT: Just look at the document.

14 THE WITNESS: I don't understand it, your Honor.

15 THE COURT: You say that is your signature.

16 Do you remember that document?

17 THE WITNESS: Yes, it is my signature.

18 THE COURT: Just answer Mr. Cohn's question.

19 You read the document, Mr. Cohn. What is your question?

20 A What is this document, Mr. Cohn?

21 Q Would you look at it again, please.

22 A All I see is that my attorney at that time is
23 answering, respondent denies No. 3, answering something
24 else. I don't know what he is answering. What is he
25 answering?

1 jqbr 3

Goberman-cross

2 Q If you look at the face of it, would it refresh
3 your recollection that he is answering the involuntary
4 bankruptcy petition which you just described to us was
5 instituted by Hoffman?

6 A Yes.

7 Q This particular document I have given to you
8 is not your attorney's answer but is an affidavit sworn
9 to by you, is it not?

10 A No, sir.

11 Q Does it have your signature at the bottom?

12 A It has my signature but my attorney made this
13 up and I signed it.

14 Q He made it up and you signed it?

15 A Yes.

16 Q Is it truthful?

17 A I don't know. I am answering -- I want to know
18 what he is answering.

19 Q Do you have difficulty in telling us whether or
20 not what is in this paper submitted to federal court under
21 your signature is true or not true?

22 A I am not saying it is not true. What I am
23 saying to you is that this states respondent admits the
24 allegations contained in paragraphs 1, 2, 3, 4 and 5.
25 I don't know what they are.

jqbr 4

Goberman-cross

THE COURT: Is he not asking you that?

MR. COHN: Should I direct him specifically?

THE COURT: Yes, I wish you would.

Q Would you please look at the portion on page 2 which deals with your dealings --

THE COURT: Just describe the place and let him read it.

Q Read page 2 from your signature to the top of the page.

A I have read it.

Q Is that true?

A I think, Mr. Cohn --

THE COURT: Try to answer the question. Is it true?

THE WITNESS: Yes, I deny, as the attorney said here -- I don't think you are getting all the facts here but all right.

Q What I have handed you is a document signed by you, is it not?

A Yes.

Q Submitted to Federal Court?

A Yes.

Q And that document gives an accounts of the very events of March 18 we have been talking about in this

jqbr 5

Goberman-cross

case, does it not?

A I don't think so, no, sir.

Q It doesn't?

Would you read page 2, please.

A I don't think you should read page 2 without page 1.

THE COURT: Let me see counsel a minute on this.

(At the side bar:)

MR. COHN: Maybe you can handle him, I can't.

THE COURT: We are making awfully heavy weather on this. The purpose of this document is to impeach the witness.

Do you have any question about the reliability of this document?

MR. MC GUIRE: Yes, I do, your Honor.

Mr. Cohn hasn't offered it in evidence and I haven't had occasion to examine on the voire dire and indeed I haven't had occasion to read the document.

THE COURT: Will you offer it?

MR. COHN: Yes, now that he identifies the signature.

THE COURT: I want to give you a chance to look at the document before I receive it. When do you want to offer it, now?

jqbr 6

Goberman-cross

MR. COHN: Should I ask a few questions about the letter, whether he gave the letter to his attorney and then I will offer it.

THE COURT: You can do that.

(In open court:)

Q Mr. Goberman, attached to this very document is an exact copy of Exhibit 78 in evidence.

THE COURT: Will you show him that, please.

Q Is it not?

A This entire thing --

THE COURT: Answer the question.

THE WITNESS: This whole thing has attachments which covers the loans from Mr. Holzer.

THE COURT: Try to answer the question. Do you find attached thereto a copy of this letter which is Exhibit 78 in evidence?

THE WITNESS: I don't know what the exhibit number is.

THE COURT: Show him the letter.

THE WITNESS: This looks very familiar.

Q It does?

A Yes. It is not the same thing as that, though.

Q It is Exhibit 79, I am sorry.

I show you Exhibit 79 in evidence.

jqbr

Goberman-cross

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2 A Yes, this is a copy.

3 THE COURT: That same letter?

4 THE WITNESS: Yes.

5 Q Did you give a copy of that letter to your at-
6 torney to attach to these papers?

7 A I don't remember whether I did or not.

8 Q Can you suggest to us any place else in the world
9 where your attorney could have obtained it besides you?

10 A He could have obtained it in St. Maartens because
11 he was there.

12 Q Did he?

13 A I don't recall.

14 Q I ask you directly, did you give to your attorney a
15 copy of Exhibit 79 in evidence?

16 A I don't recall whether I did or not.

17 Q Mr. Goberman, I believe you said a few minutes
18 ago that this was just a paper signed by you and your
19 attorney had a power of attorney and you weren't familiar
20 with its contents, is that about the substance of it?

21 A Not quite the way you are putting it.

22 Q Would you look at page 3 and tell his Honor
23 whether or not there is an oath that you took before a
24 Notary Public subscribing to the truth of the contents of
25 that document?

jqbr 8

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A Yes. I am not denying the truth of the contents of this document.

MR. COHN: I offer it in evidence, your Honor.

THE COURT: Show it to Mr. Mc Guire.

MR. MC GUIRE: May I have a few questions?

THE COURT: Surely.

VOIR DIRE EXAMINATION

BY MR. MC GUIRE:

Q Did you write anyportion of this document, Exhibit A, Defendants' Exhibit A for identification?

A Did I write?

Q Yes.

A No, sir.

Q Were you present when anybody else wrote it?

A No, this was done in my attorney's office. I wasn't there when it was done.

Q Do you remember discussing it with your attorney?

A No.

Q Did you discuss it with your attorney?

A There wasn't much of a discussion because it seemed that that document was supposed --

THE COURT: I think this is purely an issue of identification. You will be able to ask these questions on redirect.

jqbr 9

Goberman-cross

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THE WITNESS: It was in reference --

THE COURT: Wait a minute, sir.

Q Did you discuss it with your attorney?

A Not at great length, no, sir.

Q Did you read it before you signed it?

A I glanced over it, yes, sir.

Q Directing your attention particularly to
paragraph 2 --

MR. COHN: I don't think this is voir dire.

THE COURT: I am wondering about that.
This is voir dire. You are questioning about the identity
of the document?

MR. MC GUIRE: It is competent, your Honor.

THE COURT: What is your question?

Q Directing your attention to paragraph 2, is that
your statement?

A I will have to read it.

You mean did I write this down?

THE COURT: We are getting confusing. I think
you can bring that out later as to the circumstances.
I understand that the witness did sign the document.

THE WITNESS: This is what --

THE COURT: Please, Mr. Goberman.

You did sign this document and it was prepared

1 jqbr 10

Goberman-cross

2 by your lawyer and you signed it about the date mentioned as
3 you swore to it?

4 THE WITNESS: Yes, sir.

5 THE COURT: All right, I will receive it.

6 (Defendants' Exhibit A was received in
7 evidence.)

8 MR. COHN: Ladies and gentlemen, Exhibit A in
9 evidence is an affidavit sworn to by Mr. Goberman on
10 August 9, 1971 and submitted in a proceeding entitled in
11 the matter of Allan N. Goberman debtor in the United States
12 District Court for the Eastern District of Pennsylvania.
13 I am skipping the first paragraph which is a denial of certain
14 allegations and anything you want to read, Mr. Mc Guire.

15 2, respondent denies each and every allegation
16 contained in paragraph 6 for the reasons that the
17 alleged transfer with intent to defraud creditors was in
18 fact a transfer of an existing pledge which arose out of a
19 loan agreement dated October 6, 1970 between Leonard E.
20 Holzer and Allan N. Goberman wherein 150,000 dollars
21 was borrowed to finance the operations of St. Maarten Isle
22 Hotel. The copy of the agreement attached. Holzer advised
23 Goberman on or about the 1st day of February 1971 that he
24 would sell at public sale the 226,250 shares which had been
25 given as collateral security for the loan. The public

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jqbr 11

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1 sale was to take place on the 5th day of February, 1971.
2 On the 3rd day of February 1971 the named transferees,
3 Stanley Amsterdam and Barbara Landew, agents for an
4 undisclosed principal, entered into an agreement whereby
5 they succeeded or stepped into the shoes of Leonard E.
6 Holzer by paying off said loan and assuming the position
7 of lenders except that the date for the repayment of said
8 loan was extended to the 15th of March 1971. A copy of
9 said agreement with Stanley Amsterdam and Barbara Landew
10 is attached hereto and marked Exhibit B. Subsequently,
11 on the 18th day of March 1971 the lenders advised the managing
12 director of St. Maarten Isle Hotel, Allan N. Goberman,
13 and the St. Maarten Isle Hotel, that the shares of stock
14 which they held as collateral security for said loan must
15 be transferred on the stock registered to their name
16 pursuant to the failure of the borrower to make payment
17 on or before the 15th day of March 1971. A copy of said
18 letter is attached hereto and marked Exhibit C.

19 Exhibit C is an identical copy of Exhibit 79
20 put in evidence by Mr. Mc Guire through Mr. Goberman
21 this morning, being one of those series of three letters
22 which Mr. Goberman testified about down in St. Maarten.
23 This is set forth as an exhibit to Mr. Goberman's pe-
24 tition.
25

1 jqbr 12

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2 Therefore, respondent, which is Mr. Goberman,
3 denies a transfer with actual intent to defraud the exist-
4 ing creditor and further denies that said transfer
5 was without fair consideration and further denies the ef-
6 fect of such transfer enabled Edward Levrey to obtain a
7 greater percentage of his purported debt on some other
8 creditors of Allan N, Goberman of the same class.

9 3, respondent denies that a transfer took place within
10 four months for the reason that the act of transferring the
11 stock on the record on the 3rd day of April 1971 was an
12 act performed by Allan N. Goberman in his corporate
13 capacity as managing director. The only person qualified
14 to execute same pursuant to the actual default and sub-
15 sequent demand and said transfer which took place was
16 beyond the 4-month period in question. It is signed by
17 Allan N. Goberman and the next page it is sworn to before
18 a Notary Public and again signed by Allan Goberman.

19 THE COURT: I think we will take our after-
20 noon recess, ladies and gentlemen. You are excused for
21 a few minutes.

22 (Jury left the courtroom.)
23
24
25

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(in open court, jury present.)

BY MR. COHN:

Q In describing your financial difficulties, Mr. Goberman --

A I beg your pardon.

May I ask one question apropos to what we had --

Q I think probably, Mr. Goberman, the best way would be if Mr. McGuire did that with you.

A I would like to answer something that I couldn't answer before.

Q By the way, have you talked to Mr. McGuire during the recess?

A I was sitting at the table telling him about my bad tooth, yes, sir. I have an impacted wisdom tooth here that is giving me trouble.

Q You say there is something you want to tell us?

A Yes. You asked me about the papers that were attached to Mr. Rubin's bankruptcy thing.

Q I asked you about a letter --

A -- and the letters.

Q -- which is Exhibit 79 in evidence in this case.

A I now know when Mr. Rubin got all that. He got it from Mr. Faigin. He got everything from Mr. Faigin.

Q Did you tell Mr. Rubin that that letter existed

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2 so that he knew to inquire of Mr. Faigin as to its where-
3 abouts?

4 A He and Mr. Faigin apparently had had some dealings
5 together, and--

6 Q Mr. Goberman, I don't think you heard my question.

7 A No. The answer is I don't think I did but he
8 was contacting Mr. Faigin.

9 Q Mr. Goberman, my question was simply this:

10 Did you tell Mr. Rubin, your lawyer, that "there
11 is a letter from the lenders of the money to me, in March
12 1971, in which they called the loan"?

13 A I don't believe I did.

14 Q Are you sure?

15 A I said I don't believe. I don't recollect that
16 I did. I did tell him I thought Mr. Faigin had copies
17 of anything that transpired; he could get it from him,
18 I thought.

19 Q When you filed this petition with the federal
20 court --

21 THE COURT: Let's get this straight. That document,
22 Exhibit A, was in answer to a petition.

23 Q When you filed the answer to the-- let me do it this
24 way.

25 When you filed what is now Exhibit A in evidence

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2 with the federal court in Pennsylvania --

3 MR. MCGUIRE: I object. I think the witness
4 testified that his attorney did that.

5 THE COURT: I think he probably did but what is
6 the purport of your question?

7 Q When you swore to the response to the petition
8 in federal court in Pennsylvania, did you, in your re-
9 sponse, refer to this very letter?

10 A He had the letters.

11 Q Didn't you--

12 A No, I did not. I know what you are getting at,
13 Mr. Cohn.

14 Q Mr. Goberman --

15 A You don't have to show me that. I signed it and
16 I swore that everything that you read up above is true
17 and I will stick to that because my signature is there,
18 and his secretary was a notary and she said-- "Is this
19 your"-- well, go ahead, Mr. Cohn.

20 Q Are you trying to tell us, sir, is this fair,
21 that you are going to say it is true because you swore
22 to it under oath and the secretary was a notary, but
23 really isn't true?

24 A No, I am not saying that at all.

25 Q I put it to you directly: Is this version of what

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2 happened in March 1971, as given in Exhibit A by you, and
3 sworn by you is that, as you sit on this witness stand
4 today, the truth?

5 MR. MCGUIRE: Objected to.

6 Mr. Cohn spent about five minutes reading this
7 thing to the jury. Maybe portions are true, maybe por-
8 tions of it are not true, portions that Mr. Goberman does
9 not know about or does not recall.

10 THE COURT: I think I will sustain the objection.

11 I think we have been at this long enough and I
12 think it is for the jury to reach a determination on that.

13 I will sustain the objection.

14 MR. COHN: All right, your Honor.

15 Q At the time when you say in your opinion Mr.
16 Parness was trying to get this stock away from you, the
17 hotel, specifically February 19, 1971, let's talk about
18 February 4, 5, around that period, isn't it a fact that
19 at your request Mr. Parness gave you an actual extension un-
20 til March 15th with the right to redeem all of your stock
21 up until the 15th of March?

22 A Yes, sir.

23 Q He did?

24 A I asked for that.

25 Q And did he say to you, "No"?

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2 A No, what?

3 Q When you asked Mr. Parness to give you over an-
4 other month to raise the money to redeem this stock, did
5 Mr.Parness say, "I will not give it to you. Your date
6 is up February 8 and I am foreclosing" or did he give
7 you the extension?

8 A The simple request that he acquiesced to. There
9 were no problems getting a few more weeks to raise this
10 money.

11 Q I see. At a time when your testimony is
12 Mr.Parness was trying to get this away from you, your tes-
13 timony is you-

14 MR. McGUIRE: Do we have to have argumentative
15 questions?

16 THE COURT: This is in the nature of a summation
17 and not a question.

18 I will sustain the objection.

19 The fact remains that the witness testified that
20 under the agreement it was to be paid in three days, and
21 you said Mr. Parness -- you said you wanted more time and
22 he gave you until March 17, is that right?

23 THE WITNESS: That's right.

24 Q When you talked about your financial difficulties
25 in other proceedings, you stated that they were due to the

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fact that you had hoped to get a six million dollar mortgage but because the mortgage market went bad, one of the worst periods in history, you were unable to get the mortgage, and that because of that, you were unable to raise money to pay off your contractors, is that so?

A Not quite what I said. I think you are twisting it a little bit, Mr. Cohn.

Q All right.

In that same deposition you gave under oath, in the Hoffman against Goberman case, did you say this:

"I owed a lot of money to people and it was my full intention of paying it, and unfortunately at that time I would say this, I would have made the same judgment today as I did then. On any normal mortgage market, I could have gotten a six million dollar mortgage on the property, but I ran into about the worst mortgage market in the last five years."

Q Money was very tight?

A More than just tight. It was just out of the question. Plus the fact that I had a commitment of six million dollars and when the Internal Revenue hit me with an indictment, the people backed out practically in the last minute and they said, "We have to find out which way you are going before we give" --

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2 THE COURT: Wait a minute. Don't read all this.

3 Q Does this refresh your recollection?

4 THE COURT: Wait a minute.

5 He testified to that.

6 MR. MCGUIRE: May I make a suggestion here?

7 THE COURT: Yes.

8 MR. MCGUIRE: If Mr. Cohn wants to confront the
9 witness with a prior inconsistent statement, that's per-
10 fectly proper, but there is a proper way to do it and
11 that is to show it to him.

12 THE COURT: Well, he testified to all this.

13 Q There was a bad mortgage market and you had hoped
14 to get a mortgage?

15 A In 1968 and 1969, yes, sir.

16 Q Well, weren't you hoping to get a mortgage in
17 the fall of 1967?

18 A I was hoping to get a mortgage in the winter of
19 1971. I never gave up trying to get a mortgage, Mr. Cohn.

20 Q Wasn't the basis of your deal with Mr. Holzer the
21 fact that you were looking to him for a large mortgage?

22 A Mr. Holzer had committed three million, eight
23 hundred thousand dollars.

24 Q You said in the past your financial troubles re-
25 sulted from the failure of the mortgage to go through?

1 eb:mg 8

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2 A When a person buys a home, Mr. Cohn, and he needs
3 a mortgage, that doesn't necessarily mean he is in
4 financial trouble because he needs a mortgage.

5 THE COURT: We all like to get mortgages but if you
6 don't get one for long enough you may be in trouble.

7 THE WITNESS: I have been through that pressure
8 before in my business life. I built three thousand homes,
9 your Honor. I have been in bad markets and good markets.

10 Q The last question: Did you say, with reference to
11 the Holzer transaction, that's been testified to in this
12 case:

13 "Mr. Holzer wrote me. I believe I can arrange" --

14 MR. MCGUIRE: I object to this manner of question-
15 ing. We don't know what it is all about.

16 THE COURT: Yes.

17 Let me see it at the side bar.

18 (At the side bar.)

19 MR. COHN: I am saying he was hopelessly in debt
20 before that.

21 THE COURT: The point is you should not read all
22 this stuff. You ask him these questions and if you find
23 that he says there is something that is inconsistent with
24 these other things, that's how to do it. You just don't
25 read a lot of junk.

1 eb:mg 9

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2 MR. COHN: All right, your Honor.

3 (In open court.)

4 Q Were you looking to Mr. Holzer to give you a
5 three million, eight hundred thousand mortgage to take
6 care of your financial difficulties and enable you to pay
7 off contractors?

8 THE COURT: Wait a minute.

9 He said he was looking to this gentleman Holzer
10 who had made a commitment to give him a three million, eight
11 hundred thousand dollar mortgage.

12 Let's leave it at that.

13 MR. COHN: May I ask, your Honor, if the purpose
14 of this was to get him out of financial difficulty and
15 enable him to pay contractors?

16 THE WITNESS: No, sir.

17 THE COURT: He answered no.

18 Q Did you testify on a prior occasion that "The
19 Holzer mortgage would have gotten us out of financial dif-
20 ficulty and enabled me to pay my contractors"?

21 A I believe I may have. I think we are beating to
22 death the words "financial difficulties."

23 I would say that under certain pressures a man
24 in business may use certain words, Mr. Cohn, may elaborate,
25 let me say. I would say a lender certainly would use

1 eb:mg 10

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2 phrases in trying to borrow money depending on the lender.

3 Q By the way, the Holzer transaction was before
4 the time that Mr. Parness had replaced Mr. Ferrara --

5 A It had started before that time, yes, sir.

6 Q Now, Mr. Goberman, you told us on direct exami-
7 nation about your conviction for the false statement.8 Do you remember when that was about, the judgment
9 of conviction?

10 A Yes, sir.

11 Q When was that?

12 A I believe I testified earlier in the day that that
13 was the time that I was called back in the month of June
14 1971.

15 Q I want the false financial statement.

16 A I beg your pardon?

17 Q The false financial statement to the Federal
18 Savings and Loan Association.

19 A Yes. I am referring to that, sir.

20 Q Could you give me the date of your conviction on
21 that?

22 A I think it was some time in June of 1971.

23 Q Would you accept June 11, 1971, as the date?

24 A That sounds reasonable. I don't have the article
25 that you have there in front of you.

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Q Now, you were not sent to jail, were you?

A No, sir.

Q You were given a probationary period of how long?

A I think it was three years.

Q And while you were on that probationary period, were you indicted and convicted again?

A I was indicted and plead guilty.

Q Right. And was that indictment in the form of a three-count indictment charging false income tax returns?

A I don't know what you mean by three-count.

That is technical.

Q Did you read the indictment against you?

A I said I don't know what you mean by three-count.

THE COURT: Let's not get into all the legalistic language.

A To me it is a technicality. If you will tell me --

Q Did you plead guilty to three separate charges of filing false income tax returns?

A Three separate charges? You mean three amounts that the Internal Revenue said you owe me more money than--

Q No. It is three separate counts of Internal Revenue and the government saying that you filed false returns.

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2 A I don't believe they said I filed a false re-
3 turn. They didn't agree. They said that I understated
4 online 9.

5 Q There were charges-- so we can move on --

6 A Well, now, if you are in a hurry to move on, now
7 I want to have things clear in my mind before we move on.

8 Q do you have any doubt that the charges were not
9 just about who owed what money but that they were criminal
10 income tax evasion charges brought by the government against
11 you?

12 A I have no doubt that that is what they stated.
13 I didn't agree with them.

14 MR. McGUIRE: I object. Mr. Cohn characterized
15 this as a criminal income tax evasion charge and it simply
16 isn't that.

17 THE COURT: Let's get this straight.

18 I think you did say you plead guilty?

19 THE WITNESS: Yes.

20 THE COURT: What did you plead guilty to, as you
21 remember it?

22 THE WITNESS: First, your Honor, with all my
23 troubles at that time --

24 THE COURT: No, don't tell us that. I know your
25 troubles.